

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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RULE 133 REVISION ADOPTED ALSO NEW REGISTRATION FORM 8-14

The SEC today announced the adoption of amendments to its Rule 133 under the Securities Act of 1933 (Release 33-4115), the general purpose of which is to indicate the circumstances under which securities distributed by persons receiving them in connection with mergers, consolidations and similar transactions may be required to be registered under that Act.

A new registration Form 8-14 also was adopted which is designed to provide a simplified registration procedure for securities issued in Rule 133 transactions where such registration is required and where the issuer has solicited proxies under the Commission's proxy rules with respect to such transactions. The form provides that the prospectus may consist chiefly of the information set forth in the proxy statement and may be in the form of a proxy statement meeting the requirements of the proxy rules. The information thus supplied must be supplemented by the necessary underwriting and distribution data and pertinent information regarding developments in the company's business subsequent to the Rule 133 transaction.

One of the situations requiring registration under the amended rule is where a person, usually a dealer, enters into a contract with an issuer agreeing to purchase and offer to the public securities of the issuer received in a merger by security holders of the company merged into the issuer. Another such situation is where a company is merged into an issuer and a stockholder who was in control of the merged company proposes to make a public offering of the securities of the surviving company received by him in the merger. In both of these situations the person making the public offering is regarded as an underwriter and the securities must be registered before the offering is made.

RAUB ELECTRONICS RESEARCH PROPOSES STOCK OFFERING

Raub Electronics Research Corporation, 1029 Vermont Ave., N. W., Washington, D. C., filed a registration statement (File 2-15360) with the SEC on July 15, 1959, seeking registration of 165,500 shares of common stock. The company proposed to make a public offering of 150,000 shares at \$8.50 per share. The offering is to be made by Weil & Company, also of Washington, on a best efforts basis, for which it will receive a selling commission of \$1.275 per share. An advertising and expense allowance of 42¢ per share sold will be collected by the underwriter from the proceeds as reimbursement for its expenses. Richard S. Weil, an officer and director of the underwriter, is a director of the company; and Weil has a 5-year financial consultant contract with the company. The underwriter, as part of the underwriting agreement, has the right until June 1, 1964, to purchase at \$4.50 per share up to 12,500 shares of stock, the number of shares varying according to the number of shares sold publicly. In addition, a \$3,000 indebtedness of the company to the underwriter is evidenced by a 6% note which is convertible by the underwriter into 3000 shares at the rate of \$1 per share.

Organized under D. C. law on May 1, 1959, the company is said to be engaged in the field of defining and assembling data and information for data processing systems, as well as in pure scientific electronics research. It was formed by William L. Raub, president and board chairman, whose firm had acquired certain management consultant contracts and systems equipment sales contracts which it had not completed. These were transferred to the company in exchange for 150,000 shares of its stock. The contracts are said to provide a framework for the national distribution of a newly developed punchwriter device, for which the company is to act as national distributor.

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In exchange for 100,000 shares, the company also acquired from Gunther Newman, another officer, all of the outstanding stock of UDCO Machine & Tool Company, which holds a contract with the Punchwriter Corporation to produce the new Punchwriter device. Subsequently, the company acquired the controlling interest in Punchwriter Corporation. The company issued notes in the amount of \$21,735 for this stock, which notes are convertible into common stock at the rate of \$5 per share. Roger D. Marshall, president of Punchwriter, has received 10,000 shares for services rendered. An additional 33,200 shares were sold to 26 persons for operating capital, for a cash consideration of \$33,200.

Of the net proceeds of the company's sale of additional stock, estimated at \$1,037,000 if all shares are sold, the company proposes to use \$50,000 for retirement of UDCO indebtedness; \$100,000 for purchase of special tools and material inventories for the manufacture of the Punchwriter device and other purposes; \$141,000 for cost of building a new plant for UDCO; \$150,000 for new products development; \$250,000 for leasing or construction and equipping of new research facilities; \$100,000 for opening of 3 sales offices and related expenditures; \$107,000 for general working capital to provide salaries and necessary capital; \$75,000 for additional production machinery for UDCO; and \$15,000 for purchase of land for additional plant facilities for UDCO.

SAMSON CONVERTIBLE SECURITIES FUND PROPOSES OFFERING

Samson Convertible Securities Fund, Inc., 23 Hazelton Circle, Briarcliff Manor, N. Y., filed a registration statement (File 2-15361) with the SEC on June 15, 1959, seeking registration of 200,000 shares of common stock. The company was organized in May 1959 under Delaware law as an investment company. In order to obtain the necessary initial capital, the Fund sold privately to 13 investors including officers and directors a total of 4,100 shares for a total of \$102,500. Officers, directors and their families own 59.5% of the outstanding stock. Mirek J. Stevenson is listed as president. The fund is managed by its officers and board of directors, with respect both to the business and the investment selections of the Fund. Offering of its shares will be made through Samson Associates, Inc., general distributor.

FOTO-VIDEO LABORATORIES PROPOSES STOCK OFFERING

Foto-Video Laboratories, Inc., 36 Commerce Road, Cedar Grove, N. J., filed a registration statement (File 2-15362) with the SEC on July 15, 1959, seeking registration of 150,000 shares of Class B common stock, to be offered for public sale at \$2 per share through Arnold Malkan & Co., Inc., for which it will receive a 25¢ per share commission (plus \$12,000 for expenses). The statement also covers 16,000 Class B common shares sold to Arnold Malkan, president of the underwriter, as trustee of certain trusts, for \$1 per share, but which are not being offered at this time.

The company is engaged in the designing, engineering and production of television, power supply and electronic equipment. It has outstanding 92,910 shares of Class A common and 230,763 shares of Class B common. According to the prospectus, 75,497 shares of Class B common were issued in March 1959 to its then 93 stockholders, at \$1 per share, under an assumed exemption from Securities Act registration, which the SEC believes was not available and the holders may rescind their purchase and recover their purchase price. Should the right rescission be exercised, some of the money received from this offering may be used to repurchase such stock. An additional 48,470 shares were then issued to officers, directors and employees, at 85¢ per share.

Net proceeds of the stock sale, estimated at \$235,000, will be used as follows: \$25,000 to repay two bank loans; \$45,000 for sales promotion; \$75,000 for research and development (\$50,000 for a TV Camera development and \$25,000 for development of other industrial electronic control equipment); \$90,000 for working capital, to be used in part to acquire additional test equipment. The prospectus lists Albert J. Baracket as president and owner of 52,000 Class A shares (56%) and 55,236 Class B shares (23.9%).

EXECUTONE INC. PROPOSES STOCK OFFERING

Executone, Inc., 415 Lexington Ave., New York, filed a registration statement (File 2-15363) with the SEC on July 15, 1959, seeking registration of 136,000 shares of Common Stock, to be offered for public sale through an underwriting group headed by Shearson, Hammill & Co. The public offering price and underwriting terms are to be supplied by amendment.

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The company's business is said to be the designing and manufacturing of electronic communicator systems incorporating the latest advances in printed circuits, relays and other electronic components and manufacturing techniques. It also has tailored communication systems to the specialized needs of self-service elevators and chain store inter-department communications. It now has outstanding 155,484 shares of common stock. Net proceeds of the sale of additional stock, estimated at \$1,285,000, are required for general corporate purposes due to expanding needs of the business, of which \$161,000 will be used for expansion of plant facilities, \$125,000 for additional sales and service training facilities, \$300,000 to place a new permanent magnet relay in full scale production; \$235,000 will be needed to bring several other new products to the production stage; and the balance of about \$464,000 will be used for working capital and reduction of bank loans.

PETROSUR OIL FILES FOR OFFERING AND SECONDARY

Petrosur Oil Corp., 161 East 42nd St., New York, filed a registration statement (File 2-15364) with the SEC on July 15, 1959, seeking registration of 100,000 shares of 6% Cumulative Convertible Preferred Stock, \$5 par, and 100,000 shares of outstanding common stock, 10¢ par. The securities are to be offered in units, at a price of \$6.20 per unit, consisting of one share of preferred offered by the company and one separate share of common offered by the present holder thereof, Creole Explorations, Inc. (\$5 for the preferred and \$1.20 for the common). The underwriters are Simmons & Co. and Michael Horowitz, both of New York, who will receive a commission of 90¢ per share on the preferred and \$.216 per share on the common plus an allowance on account of expenses of 40¢ for each unit sold. The prospectus further indicated that the company will sell for \$150 to the underwriters 100,000 common stock purchase warrants, Series A, and 50,000 warrants, Series B. The Series A warrants will be exercisable immediately at 70¢ per share, and until July 31, 1964; and the Series B warrants will be exercisable at \$2 per share until July 31, 1968.

The company is presently engaged in the business of acquiring semi-proven and producing oil and gas properties in the Western Hemisphere as permanent assets and the holding and operating of such properties for income. It also is engaged in acquiring leases or options for leases of prospective oil and gas properties and mining properties for development and resale. A substantial part of its properties consist of interests in exploration concessions for undeveloped oil and gas leases which it "believes . . . worthy of further study and exploration." The company now has outstanding 1,401,200 common shares and \$250,000 of short term debt. Net proceeds of its proposed sale of the 100,000 shares of preferred stock are estimated at \$325,408, to be applied as follows: \$175,000 for payment on the purchase price of working interests in oil and gas leases purchased from Creole; and \$150,000 to exercise an option to purchase working interests in oil and gas leases in Breathitt County, Kentucky.

Creole is listed as the owner of 650,000 common shares (30.6%). These shares, together with a \$250,000 non-interest bearing chattel mortgage note, were issued to Creole in April 1959 for a 36½% working interest in certain oil and gas leases and options (which have since been exercised) for leases owned and operated by Creole, located in Rork Field, Acadia Parish, La. Of this stock, Creole proposes to offer 100,000 shares for sale to the public with the preferred stock being offered by the issuing company. An additional 232,500 shares were issued to Republic Oil Corp., S. A., for working interest in oil and gas concessions in Panama and exploration concessions in Puerto Rico; and 52,000 and 122,675 shares, respectively, are owned by S. Amir, president and treasurer, and Frank C. Lepore, a director. Amir is to be succeeded as president and treasurer by Joseph W. Ashman.

COURT HEARING IN BELMONT OIL INJUNCTION HEARING POSTPONED

The SEC New York Regional Office announced July 14, 1959, that the U. S. District Court hearing on the Commission's motion for a preliminary injunction against the sale of Belmont Oil Corp. stock by that company, James B. Boren and others in violation of the Securities Act registration requirement has been continued to August 11, 1959, on motion of defendants. In connection with the adjournment Boren and three defendant broker-dealer firms stipulated not to sell Belmont Oil stock in violation of said registration provisions, and the court so ordered. (Lit. Release 1471).

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