

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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FOR RELEASE July 22, 1959

HEWLETT-PACKARD EMPLOYEE STOCK PLAN FILED

Hewlett-Packard Company, 275 Page Mill Road, Palo Alto, Calif., filed a registration statement (File 2-15374) with the SEC on July 21, 1959, seeking registration of \$1,000,000 of Interests in Employee Stock Purchase Plans, together with 25,000 shares of capital stock which may be purchased pursuant thereto.

NORD PHOTOCOPY PROPOSES STOCK OFFERING

Nord Photocopy & Business Equipment Corporation, 300 Denton Ave., New Hyde Park, N. Y., filed a registration statement (File 2-15376) with the SEC on July 21, 1959, seeking registration of 100,000 shares of common stock, to be offered for public sale at \$5 per share through Myron A. Lomasne & Co. The underwriter is to receive a commission of \$.625 per share; and, in addition, the company will issue to the underwriter 20,000 common stock purchase warrants for \$200, the warrants being exercisable at \$5 per share until February 1962.

The company and its subsidiaries engage in the manufacture and sale of photocopy machines and the distribution and sale of sensitized photocopy paper and chemicals and related accessories. It has outstanding 323,400 shares of stock. Net proceeds of the sale of the additional stock will be used to reduce short-term bank obligations, to finance the research and development of new products, to expand the scope of the photocopy and business equipment operation and to discharge amounts due to officers. The balance of the proceeds will be used for general corporate purposes.

FORTUNA CORP. FILES FOR OFFERING

Fortuna Corporation, 1220 Simms Building, Albuquerque, N. M., filed a registration statement (File 2-15377) with the SEC on July 21, 1959, seeking registration of 1,000,000 shares of common stock to be offered for public sale at \$1.50 per share. The offering is to be made on a best efforts basis by Minor, Mee & Co., which will receive a selling commission of 22½¢ per share, plus \$2,500 as reimbursement for expenses. *(Bishop -*

Organized in 1957, the company proposes to conduct thoroughbred and quarter horse racing meetin with pari-mutuel wagering, commencing in October 1959. Its facilities, under construction since April 1959, are expected to be completed prior to that time. It has acquired a site consisting of about 153 acres for its racing plant which is to be known as Sunland Park, located at Anapra, N. M., about 6½ miles from downtown El Paso, Texas. The estimated cost of construction and other costs to opening date is \$3,000,310, of which \$1,079,725 is said to have been expended and accrued to July 3, 1959 (including purchase price of land). Net proceeds of the stock sale, together with \$865,920 realized from shares previously issued and \$1,100,000 proceeds of a mortgage loan, aggregating in all the sum of \$3,195,920, will be used for completing Sunland Park and for general corporate purposes.

The company's prospectus lists John C. McCormack of Albuquerque as president. Principal stockholders are L. R. Allison, of El Paso, 520,000 shares (34.9%); B. G. Johnson and N. J. Skousen, both of Albuquerque, 176,250 and 287,500 shares, respectively. A net of 250,000 shares were issued in 1957 to Allison, McCormack and four individuals for \$50,000; 100,000 shares were issued to Johnson in March 1959 in payment of a bill for legal services in the sum of \$20,000; and between April 1 and July 1, 1959, the company issued 888,000 shares for cash aggregating \$745,920 or 84¢ per share (among which purchasers were Allison, 312,500 shares, and McCormack, 62,500 shares). The company on May 1/

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1959, entered into a contract with Allison & Haney, Inc., and Skousen-Hise Contracting Company, Joint Venture, for the construction of the race-track plant. These firms have a 75%-25% interest in the contract. Allison is an officer and 22% stockholder of Allison & Haney; and Skousen is a 20% partner of Skousen-Hise. On July 1, 1959, L. R. Allison Company, a partnership, and N. J. Skousen made the mortgage loan of \$1,100,000; and as an inducement to make such loan, the company granted an option to purchase 150,000 common shares to Allison and 50,000 shares to Skousen, at 84¢ per share until June 30, 1961. Allison is a 39% partner in Allison Company, which has a 75% interest in the loan.

LEEDS TRAVELWEAR FILES FOR STOCK OFFERING

Leeds Travelwear, Inc., 395 Brook Ave., Bronx, N. Y., filed a registration statement (File 2-15378) with the SEC on July 21, 1959, seeking registration of 262,500 shares of Common Stock A, to be offered for public sale through an underwriting group headed by Auchincloss, Parker & Redpath. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized on July 8, 1959. Through 11 subsidiaries it is a manufacturer and distributor of a diversified and complete line of soft zippered luggage and travel cases and of bowling bags. It distributes golf bags manufactured to its specifications and at its risk. The company now has outstanding 87,500 shares of A common and 400,000 shares of B common, in addition to \$125,000 of bank loans and a \$837,031 purchase money obligation. It proposes to apply \$837,031 of the proceeds to discharge the said obligation, being the remaining balance of its obligation to Venray, Inc., arising out of the purchase of assets of the latter incident to the organization and formation of the company. The remainder of the proceeds will be added to general funds and will be available for working capital and other corporate purposes. The company intends to proceed to expand its manufacturing facilities and, if feasible, to consolidate them, according to the prospectus.

Venray, Inc., was formerly known as Leeds Travelwear Corporation, owned by Irving L. Braverman, the present company's executive vice president. Its assets were acquired in July 1957 by eleven companies organized by Jack Brier, company president. Brier and two other individuals (Phillip B. and Harry E. Robinson, directors) organized the present company; and the latter purchased from them through exchange of stock their proprietorship in the eleven companies, which then became subsidiaries of the company. The July 1957 purchase agreement called for a net purchase price of \$1,589,612, on which the \$837,031 balance remains unpaid. All of the outstanding shares of A and B stock are owned by Brier and the other two individuals. The initial \$400,000 cash payment on the 1957 purchase was made with funds supplied by the subsidiary companies by Brier and the Robinsons. The Robinsons advanced them \$133,000 as subordinated loans, and Brier purchased 50% of their capital stock and the Robinsons each purchased 25% of their capital stock for an aggregate of \$267,000. As of April 30, 1959, the Robinsons released the \$133,000 debt owed to them by the eleven companies.

SOUTHERN REALTY & UTILITIES PROPOSES STOCK OFFERING

Southern Realty & Utilities Corp., 370 Seventh Ave., New York, filed a registration statement (File 2-15375) with the SEC on July 21, 1959, seeking registration of 300,000 shares of common stock, to be offered for public sale through an underwriting group headed by Hirsch & Co. and Lee Higginson Corp. The public offering price and underwriting terms are to be supplied by amendment. The principal underwriters, in addition to the underwriting commission, will be entitled to buy at 10¢ each, warrants to purchase 15,000 common shares exercisable at \$12.50 per share for a period of 5 years.

Southern Realty was organized under Delaware law in May 1959 for the purpose of engaging in the real estate business, in Florida. It has two subsidiaries, Atlantic Park Corp. and Dunbar Corporation, Inc. Irving Kipinis, president, and five other company officials, together with eight other business associates, as members of three joint ventures which transferred to the company their net assets, including the stocks of Atlantic and Dunbar. The assets included receivables and accrued interest in the amount of \$1,062,048 represented principally by purchase money mortgages; certain real estate properties (against which there is a \$1,540,262 mortgage); and Bradenton contracts for the purchase of additional properties (at \$3,465,260, partly payable in cash). The real estate, principally unimproved, was acquired by the organizing group in 1957 and is located in Palm Beach County, Daytona Beach-Ormond Beach, and St. Petersburg Beach; and the organizing group also assigned to the company at their cost certain contracts to purchase unimproved real estate located at Bradenton, Fla. (for which it advanced the sum of \$100,000 on behalf of the company and expects to be reimbursed in that amount of the proceeds of the issue).

Net proceeds of this stock offering are estimated at \$3,275,000, of which \$550,000 will be paid in connection with the acquisition of the Bradenton properties; \$100,000 will be paid in reimbursement of the loan by the organizing group; and \$160,000 (plus interest of \$18,000) will be paid to an officer in payment of a note given to evidence a loan by him in that amount in connection with the acquisition of the Palm Beach County property. An additional \$180,000 will be used to pay off other notes; and an aggregate of \$1,150,000 will be used for development of the four groups of property. The balance will be added to the company's general funds and will be available for development of properties acquired, for working capital, and for additional acquisitions or other corporate purposes.

The company has outstanding 416,000 common shares and \$1,392,794 of long-term debt. Management officials own 326,853 shares (78.6%) of the stock. Upon completion of the public sale of the additional 300,000 shares of stock, public investors will own 41.9% of the then outstanding stock for which they will have paid \$3,750,000, or approximately 55.5% of the aggregate cash invested.

ALDENS INC. PROPOSES DEBENTURE OFFERING

Aldens, Inc., 5000 W. Roosevelt Road, Chicago, filed a registration statement (File 2-15379) with the SEC on July 21, 1959, seeking registration of \$4,550,600 of Convertible Subordinated Debentures, due August 1, 1979. The company proposes to offer the debentures for sale to common stockholders of record August 14, 1959, on the basis of \$100 of debentures for each 16 common shares then held. The interest rate, subscription price and underwriting terms are to be supplied by amendment. Lehman Brothers is listed as the principal underwriter.

The company and its subsidiaries are engaged in the general retail business, selling by mail order and in retail stores. Net proceeds of the debenture sale will be added to its general funds and will be available for any proper corporate purposes, including primarily the carrying of an increased volume of customer accounts receivable.

SOUTHWESTERN DRUG PROPOSES STOCK OFFERING

Southwestern Drug Corporation, 8000 Empire Freeway, Dallas, Texas, today filed a registration statement (File 2-15380) with the SEC seeking registration of 87,818 shares of common stock, to be offered for public sale through an underwriting group headed by First Southwest Company. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the wholesale drug business. It has outstanding 412,182 common shares (in addition to certain indebtedness and preferred stock). Net proceeds of the sale of the additional common stock will be added to the company's general funds and used as working capital, principally for the purchase of inventories.

BARTON DISTILLING APPLIES FOR ORDER

Barton Distilling Company, Chicago, Ill., has made application to the SEC under the Trust Indenture Act for a finding by the Commission that trusteeship of American Bank and Trust Company of Chicago under three 1957 and 1958 indentures and a fourth indenture to be dated July 1, 1959, of the same obligor, is not likely to involve such a material conflict of interest as to disqualify the Trust Company from acting as trustee under any one of the four indentures; and the Commission has issued an order (Release 39-137) giving interested persons until August 3, 1959, to request a hearing thereon. According to the application, \$2,000,000 of 6% Secured Notes, due July 1, 1963, are to be issued under the 1959 indenture, secured by the pledge of whiskey warehouse receipts.

COURT ORDER ENJOINS HALEY OIL ET AL.

The Chicago Regional Office announced July 21, 1959, that Judge Ralph M. Freeman (USDC, Detroit) had permanently enjoined Fred T. Haley, Haley Oil Corporation, and two other individuals from further violations of the registration and anti-fraud provisions of the Securities Act in the offering and sale of oil interests and Haley Oil stock. The defendants consented to the injunction.

CANADIAN RESTRICTED LIST
Seventh Supplement

The SEC today announced the addition of the following Canadian company to its Canadian Restricted List:

ARCAN CORPORATION LIMITED

The list is comprised of the names of Canadian companies whose securities recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

SUSPENSION OF TEXAS-AUGELLO PETROLEUM OFFERING MADE PERMANENT

In a decision announced today (Release 33-4113), the SEC permanently suspended a Regulation A exemption from Securities Act registration with respect to a public offering of stock by Texas-Augello Petroleum Exploration Co., of Anchorage.

The Commission ruled that the company's offering circular contained misleading statements of material facts concerning the company's prospects of recovering gas and oil from its leases and with respect to the interests of the company's principal promoter in a lease, and that the offering circular failed to set forth facts in a manner which would enable investors to form a judgment as to the merits of the stock offering.

Texas-Augello is an Alaska corporation organized in 1957 to acquire and explore certain oil and gas leaseholds in Texas. In a notification filed in January 1958 it proposed the public offering of 1,222,000 common shares at 10¢ a share. It then had outstanding 737,500 shares, of which 230,000 had been sold publicly to Alaska residents at 10¢ per share, and the balance issued to promoters and officials for property, services and cash (at 4¢ per share) and to the lessors of leasehold interests acquired by the company as consideration for such leases. Proceeds of the proposed sale of additional stock were to be used primarily for drilling a well on the so-called Augello lease in Jefferson County, Texas.

The Commission called attention to statements in the company's offering circular with respect to drilling on the Augello property to the so-called "Nodosaria formation," which conveyed the impression that there is at least a possibility of successful production from that formation. This was misleading in view of the failure to disclose that the Augello lease had "only a remote chance" of producing from that formation. The circular also should have disclosed, according to the decision, that a dry well drilled by a prior lessee was not a wildcat well, but had been drilled after completion of two producing wells, and had the benefit of completion records and other information relating to those wells, and could be considered an adequate test for the Nodosaria formation. Furthermore, the offering circular was deficient with respect to information relating to the LaSalle lease, located near the Augello lease, including failure to disclose that this lease "has only a remote chance of yielding a profitable recovery."

The offering circular stated that "except as disclosed in this offering circular," officers, directors and promoters of the company have no direct or indirect material interest in the properties of the issuer. In fact, according to the decision, the mother of Carl O. Augello, an officer and principal promoter, is the lessor of the Augello lease.

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