

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 October 19, 1959

Statistical Release No. 1637

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended October 16, 1959, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959, is as follows:

	1939 = 100		Percent Change	1959	
	10/16/59	10/9/59		High	Low
Composite	418.2	415.8	+ 0.6	441.3	400.1
Manufacturing	518.9	516.0	+ 0.6	554.2	490.7
Durable Goods	502.5	498.4	+ 0.8	527.7	457.8
Non-Durable Goods	524.0	522.1	+ 0.4	570.1	510.5
Transportation	344.2	340.4	+ 1.1	371.5	324.8
Utility	214.4	213.6	+ 0.4	231.8	207.1
Trade, Finance & Service	431.9	428.1	+ 0.9	433.0	382.7
Mining	293.8	289.5	+ 1.5	360.4	289.5

SECURITIES VIOLATIONS CHARGED TO R. G. WORTH & CO.

The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether R. G. Worth & Co., Inc., 160 Broadway, New York, engaged in the conduct of a securities business in violation of Commission rules governing net capital, record keeping, and preservation of records, as well as Regulation T of the Federal Reserve Board, and, if so, whether Worth & Co.'s registration as a broker-dealer should be revoked and/or whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

According to the Commission's order, Worth & Co. has been registered as a broker-dealer since July 1936. Robert Grocoff is president, treasurer, a director, and owner of all its outstanding stock. Worth & Co. was enjoined on February 13, 1957, by court order from further violations of the Commission's net capital and record-keeping rules. The order further asserts that information developed in an investigation conducted by the Commission's staff tends if true to show that Worth & Co. engaged in the conduct of a securities business during the period when its aggregate indebtedness to all other persons exceeded the 2,000%-of-net-capital limitation imposed by the Commission's net capital rule; that it extended credit in contravention of Regulation T by reason of its failure to cancel or liquidate purchases of securities in cash accounts of customers when payment therefor was not received within the prescribed seven-day period after purchase; that it failed to make and keep current certain of the required books and records; and that it failed to preserve certain records, as required.

A hearing will be held for the purpose of taking evidence with respect to the foregoing, at a time and place later to be announced.

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

SEC CLEARS URANIUM MERGER PROPOSAL

In a decision announced today (Release 40-2920), the Securities and Exchange Commission has granted an application under the Investment Company Act filed by Atlas Corporation, New York investment company, for an exemption with respect to certain transactions involved in a proposed merger of five affiliated companies, The Hidden Splendor Mining Company, Lisbon Uranium Corporation, Rio de Oro Uranium Mines, Inc., Radium King Mines, Inc., and Mountain Mesa Uranium Corporation ("Hidden Splendor," "Lisbon," "Rio," "Radium King," and "Mountain Mesa," respectively).

The Commission ruled that the terms of the proposed merger are reasonable and fair and do not involve overreaching, and are consistent with the stated policies of Atlas as a registered investment company as well as the general purposes of the Investment Company Act. Under the merger proposal, Hidden Splendor will continue in existence as the surviving corporation under its present name. Both the stockholders and the boards of directors of the respective companies have approved the merger.

On the basis of the estimated values of the respective companies (after elimination of inter-company holdings), and giving effect to the pre-merger transfer of stock of Uranium Reduction to Hidden Splendor and the dividend paid by Lisbon in 1959, the surviving company would have combined assets less current liabilities and deferred credits of \$60,999,000. After deducting the amount of the bank loans (\$4,000,000), the demand notes held by Atlas (\$4,218,000), the maximum amount of new preferred stock (\$10,000,000 par value) proposed to be issued, and the net cost of the Lisbon stock reacquired by Hidden Splendor subsequent to December 31, 1958, the balance representing the value of the 4,057,660 shares of new common stock would be \$42,493,000 or \$10.47 plus per share.

Atlas owns all of the 2,400,000 common shares of Hidden Splendor, over 75% of the stock of Lisbon, over 62% of the common stock of Rio including stock held by Hidden Splendor, and over 30% of the common stock of Radium King. There are various other cross holdings between the merging companies. Neither Atlas nor any of the merging companies holds any of the common stock of Mountain Mesa, but Hidden Splendor, in addition to its holdings of stock in Rio and Lisbon, owns over \$3,000,000 of promissory notes of Mountain Mesa. The holdings of common stock of the merging company by persons other than Atlas and the merging companies consist of 1,260,971 shares (22.27%) of Lisbon; 4,442,924 shares (39.27%) of Rio; 5,038,250 shares (69.32%) of Radium King; and 1,782,521.4 shares (100%) of Mountain Mesa.

The agreement of merger contemplates that Hidden Splendor will issue to Atlas, in exchange and substitution for \$6,500,000 of 5% promissory notes of Hidden Splendor and in exchange for 520,000 common shares of Uranium Reduction Company held at Atlas, a total of 379,000 shares of Hidden Splendor common. Uranium Reduction is engaged in the production of uranium concentrates at a mill in Moab, Utah, to which Hidden Splendor delivers certain of its uranium-bearing ore for concentration.

The basis of converting the shares of the merging companies into shares of the surviving company (Hidden Splendor) will be as follows:

- (1) Each share of Hidden Splendor common will be and become one share of common stock of the surviving company.
- (2) Each share of Lisbon common will be converted into shares of 6% cumulative preferred stock, \$11 par, of the surviving company at the rate of \$3.08 in par value of such preferred for each share of Lisbon common. Under the agreement, Atlas will receive for its holdings of Lisbon stock about 105,076 shares of preferred stock and 1,097,299 common shares of the surviving company.
- (3) Each share of Rio common (excluding the holdings of merging companies but including the holdings by Atlas) will be converted into shares of preferred stock of the surviving company at the rate of \$1.10 in par value of such preferred for each share of Rio common.
- (4) Each share of Radium King common will be converted into .0225 common shares of the surviving company.
- (5) Each share of Mountain Mesa common will be converted into .01 shares of common stock of the surviving company.

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Insofar as they shall not have expired or been exercised prior to the merger, (a) presently outstanding warrants covering the purchase of 1,000,000 shares of Rio common at 30¢ per share will become warrants covering the purchase of an aggregate of 100,000 shares of the surviving company common at \$3 per share; and (b) presently outstanding options to purchase 731,750 shares of Radium King common at 10¢ per share will become options to purchase 16,464 shares of the surviving company common at \$4.45 per share.

In effecting the conversion of shares under the merger, all securities of any merging company held by it in its treasury or owned by another merging company on the date of merger will be cancelled and no securities of the surviving company will be issuable in exchange therefor.

Upon consummation of the merger, on the assumption that the merger had taken place August 31, 1959, and that the number of shares of stock of the merging companies held by such companies will not vary between June 30, 1959, and the merger date, the shares of common stock of the merging companies owned by Atlas will become approximately 3,926,474 shares of common stock and 111,726 shares of preferred stock of the surviving company (or approximately 97% of the outstanding common stock and 12% of the outstanding preferred stock).

In the case of each of the merging companies other than Lisbon, stockholders who filed written objections to the merger (in the case of Rio, only stockholders who filed such objections before the taking of the stockholder vote and who did not vote on the merger) have certain appraisal rights granted by state statute. In the case of Lisbon, the merger agreement itself provides appraisal rights to stockholders whose shares are voted against the merger and who file with Lisbon, either before or after the stockholder vote on the merger, written objections thereto.

MICRONAIRE ELECTRO MEDICAL PRODUCTS FILES FINANCING PROPOSAL

Micronaire Electro Medical Products Corporation, 79 Madison Ave., New York, filed a registration statement (File 2-15729) with the SEC on October 16, 1959, seeking registration of 200,000 shares of common stock and 50,000 one-year warrants for the purchase of common stock at \$3 per share. The securities are to be offered for public sale in units of 100 common shares and 25 warrants, and at an offering price of \$275 per unit. The offering is to be made by General Investing Corporation, which has agreed to purchase a minimum of 1000 units and to use its best efforts to sell the remaining 1000 units. The underwriter will receive \$41.25 per unit, plus minimum of \$13,750 for expenses. The underwriter also will be entitled to purchase 50,000 three-year warrants at 1¢ each, exercisable at \$3 per share.

The company was organized in May 1959 by Paul Ullman, president and principal stockholder. Associated with him are his brother, Lawrence Ullman and his father-in-law, Irving Nemerov. His brother-in-law, Philip Lewis, is also an officer and director. It was organized to market portable air-cleaners developed by Raytheon Manufacturing Company. The rights to such air-cleaners were purchased by Paul Ullman and turned over to the corporation at their cost to him. In addition, the rights to an electrocardiograph instrument developed by Raytheon had been acquired from Raytheon by a company in which Paul Ullman had been the principal stockholder (Cardiotron Electro Medical Products Laboratories, Inc.). Ownership of Cardiotron was acquired by Micronaire by a transfer of all its stock to Micronaire in exchange for stock of the latter.

Of the net proceeds of the stock sale, about \$270,000 will be used to discharge debt of the company; \$100,000 allocated to an expansion of sales efforts; and the balance added to working capital and used for general corporate purposes.

Of the outstanding common stock, Paul Ullman owns 132,000 shares, or 55%. The company also has issued to certain stockholders 150,000 three-year warrants, of which 77,900 warrants were issued to Paul Ullman. The cash cost to officers and directors of their holdings of 209,000 shares of Micronaire stock is \$75,250 plus assets valued by management at about \$2,300, or a total of about \$77,500; and they also hold 137,750 three-year warrants acquired at a cost of \$1,377.50.

BIEDERMAN FURNITURE PROPOSES STOCK OFFERING AND SECONDARY

Biederman Furniture Company, 801 Franklin Ave., St. Louis, Missouri, filed a registration statement (File 2-15728) with the SEC on October 16, 1959, seeking to register 331,635 shares of Class A common stock, of which 216,549 shares are to be offered for public sale by the company and 115,086

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by the present holders thereof. Underwriters for the offering will be headed by Dempsey-Tagaler & Co., and the offering price and underwriting terms will be supplied by amendment.

The company engages in the retail sale of furniture. It has outstanding, in addition to certain indebtedness, 115,086 shares of Class A common stock and 346,500 shares of Class B common stock. Proceeds from the proposed sale of additional Class A stock by the company are to be used to purchase all of the outstanding capital stock of Biedermans of Alton, Inc., an Illinois corporation, and Biedermans of Springfield, Inc., a Missouri corporation. The balance of the proceeds to the company are to be used for general corporate purposes including the possible future expansion of business.

The purchase price for the two Biederman companies is \$845,170. The selling stockholders of these two companies are William Biederman, president of Biederman Furniture, David Biederman, vice-president and treasurer, and trustees for certain beneficiaries under terms of the will of Charles Biederman, deceased. The forementioned stockholders, together with the estate of Charles Biederman, are also the selling stockholders of the Class A common stock of Biederman Furniture. According to the prospectus, in addition to their present holdings of Class A stock, the selling stockholders also hold all of the outstanding Class B stock, of which William Biederman and David Biederman each owns 100,800 shares.

MONTGOMERY MORTGAGE INVESTMENT FILES FINANCING PROPOSAL

Montgomery Mortgage Investment Corporation, 11236 Georgia Ave., Silver Spring, Md., filed a registration statement (File 2-15730) with the SEC on October 16, 1959, seeking registration of \$3,000,000 of Second Mortgage Notes and Accompanying Repurchase Agreements. The notes are to be offered for sale in \$3,000 units, at prices ranging from between \$2,000 and \$4,000. Adrienne Investment Corp., an affiliate, will act as sales agent, for which it will receive a selling commission of 7%.

The company was organized in May 1959 and intends to engage in the business of purchasing and reselling of promissory notes secured by second mortgages on improved real property located both in the general area of Washington, D. C., and vicinity, and in other sections of the country. Net proceeds of the sale of the notes will be used primarily to purchase other second trust notes, and to maintain a reserve for repurchase of notes under its repurchase agreements.

The company has outstanding 120 shares of stock issued for \$12,000 cash. This stock is owned in equal amounts by Robert Symonds, president, and Morton Lifshutz, treasurer. The wives of Robert Symonds and Arthur Peisner, a promoter, each own 50% of the outstanding stock of Adrienne Investment Corp., Ocala Corp., the affiliate that locates second mortgage notes for purchase, and Southbridge Corp., the affiliate that collects and remits installment payments on second mortgage notes.

GEORGIA-PACIFIC FILES STOCK BONUS PLAN

Georgia-Pacific Corporation, Equitable Bldg., Portland, Ore., filed a registration statement (File 2-15731) with the SEC on October 16, 1959, seeking registration of interests in the Georgia-Pacific Stock Bonus Trust, to be offered to employees of the company and its subsidiaries (approximately 950 in number) who meet certain eligibility requirements based primarily on length of service. The statement includes about \$725,000 of Georgia-Pacific common stock which may be acquired by the Trust.

ADRs FOR ALLGEMEINE FILED

Morgan Guaranty Trust Company of New York filed a registration statement (File 2-15732) with the SEC on October 16, 1959, seeking registration of American Depositary Receipts for 50,000 bearer shares of Allgemeine Elektrizitäts-Gesellschaft, of Germany.

PRINCIPAL CERTIFICATE SERIES FILES FOR OFFERING

Principal Certificate Series, Inc., 460 Park Avenue, New York, filed a registration statement (File 2-15733) with the SEC on October 16, 1959, seeking registration of \$20,000,000 principal amount of its face-amount certificates (of five different series).

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The company was organized under Delaware law on May 1, 1959, and has registered as a face-amount certificate company under the Investment Company Act of 1940. It has entered into a distribution agreement with Principal Investors Corporation, all of whose securities are owned by the present owners of the company's capital stock. The prospectus lists Donald M. Cormie of Edmonton, Alberta, Canada as president and owner of 670 shares (67%) of the outstanding stock. Investment policies will be determined by the management.

GIBRALTAR FINANCIAL FILES FOR SECONDARY

Gibraltar Financial Corporation of California, 9111 Wilshire Boulevard, Beverly Hills, Calif., filed a registration statement (File 2-15735) with the SEC today seeking to register 325,000 shares of outstanding capital stock. The stock is to be offered to the public by underwriters headed by Kidder, Peabody & Co., and the offering price and underwriting terms are to be supplied by amendment. None of the proceeds will be received by the company.

The company now has outstanding 929,900 shares of capital stock, in addition to certain indebtedness. It is engaged in the business of lending money principally against first liens on real estate. It was incorporated under Delaware law on May 18, 1959, and owns all the outstanding guarantee stock of Gibraltar Savings and Loan Association of Beverly Hills and all of the outstanding capital stock of four other corporations.

In connection with the exchange in October, 1959 of the capital stock of the company for the stocks of Gibraltar Savings and the other corporations Sydney R. Barlow, Board Chairman, received 533,000 shares; Herbert J. Young, 66,600, David H. Rowen, secretary-treasurer, 18,900; Mort M. Leanse and William Kermin, directors, 13,500 each.

Names of the selling stockholders and of the shares to be sold by each is to be supplied by amendment.

GREAT WESTERN FINANCIAL PROPOSES DEBENTURE OFFERING

Great Western Financial Corporation, 4401 Crenshaw Blvd., Los Angeles, today filed a registration statement (File 2-15736) with the SEC seeking registration of \$9,998,800 of Convertible Subordinated Debentures, due 1974. The company proposes to offer the debentures for subscription by stockholders. The interest rate on the debentures, the basis of the subscription offering to stockholders, the subscription price and underwriting terms are to be supplied by amendment. Lehman Brothers is listed as the principal underwriter.

The business of the company consists of owning stocks of seven California savings and loan associations, 35 California corporations licensed as escrow agents, six which act principally as trustees under trust deeds, and three which have engaged in the development of real estate. It also conducts an insurance agency for fire, casualty and mortgage redemption life insurance. Net proceeds of the sale of the debentures will be added to the company's funds and will be available for general corporate purposes, including the reduction of bank notes. The proceeds of the notes were used for the acquisition in 1958 and 1959 of the outstanding guarantee stocks of Guaranty Savings and Loan Association and First Savings and Loan Association.

VARIABLE ANNUITY ARGUMENT SCHEDULED

The SEC will hear oral arguments at 10:00 A. M. Wednesday, October 21, 1959, in the proceedings on the exemption applications under the Investment Company Act of 1940 filed by Variable Annuity Life Insurance Company and Equity Annuity Life Insurance Company.

EXEMPTION REGULATIONS MODIFIED BY SEC

The SEC today announced that it had rescinded two exemption rules (Regulations A-M and B-T) and modified another (Regulation A) under Section 3(b) of the Securities Act of 1933 (Release 33-4149).

Regulation A-M provided an exemption from registration for assessable stock of certain mining corporations. It has been rescinded in view of the recent adoption by the Commission of certain rule changes relating to assessable securities, particularly Regulation F, which provides an exemption

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from registration for the levying of assessments of limited amounts on assessable securities. Since Regulation F does not provide an exemption for new issues of assessable securities, Regulation A has been amended to make that regulation available for the offering of such issues.

Regulation B-T provided an exemption from registration for certain interests in an oil royalty trust or similar type of trust or unincorporated association. This exemption has been rescinded because there appears to be no present or prospective need for it. In order that there may be a comparable exemption in the event that anyone should at some future date wish to make an offering of such securities, Regulation A has been amended to make that regulation available for securities of the type for which Regulation B-T was provided.

COLONIAL INVESTORS PRELIMINARILY ENJOINED

The SEC Washington Regional Office announced October 16, 1959, (Lit. Release 1506) that Judge Richmond B. Keech (USDC, DC) had granted a preliminary injunction enjoining Robert H. Davis, doing business as Colonial Investors, of Washington, D. C., from further violating anti-fraud provisions of the Securities Exchange Act (by reason of failure to deliver proper confirmations) and of the SEC record-keeping requirements.

Addendum to News Digest of October 16, 1959

The SEC on October 16, 1959, announced the issuance of an order under the Securities Exchange Act of 1934 temporarily suspending trading in the common stock of F. L. Jacobs Co, for a further ten-day period October 19 to October 28, 1959, inclusive.

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