

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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CONDOR PETROLEUM OFFERING PERMANENTLY SUSPENDED

In a decision announced today (Release 33-4152), the SEC permanently suspended a Regulation A exemption from Securities Act registration with respect to a public offering of stock by Condor Petroleum Co., Inc., of Dover, Delaware, because of false and misleading statements concerning the identity of the underwriter and persons receiving commissions, failure to use an offering circular, and the issuance of an injunction against the underwriter.

Condor was organized in July 1957 for the purpose of exploring, developing and drilling for oil on properties in Ventura County, California. It has outstanding 110,000 common shares, of which 75,000 shares were issued to promoters for about \$9,500 cash and 22,000 common shares of Atomic Fuel Extraction Corp. The other 36,000 shares, together with the Atomic Fuel stock, were exchanged for certain properties and options. In a Regulation A notification filed in September 1957, Condor proposed the public offering of 300,000 additional common shares at \$1 per share.

In the initial filing, no underwriter was named. However, in an amendment filed December 11, 1957, Peerless-New York, Inc., was shown as underwriter of the offering. Peerless was to make the offering on a best-efforts basis, for which it would receive a selling commission of 20¢ per share plus \$25,000 for expenses, payable at the rate of 15¢ per share. The underwriter also was to receive an option to purchase, at one mill per share, one share of Condor stock for each five shares sold.

This underwriting contract was signed November 27, 1957. Prior thereto, on November 7, 1957, in an action filed by the Commission, Peerless had been temporarily restrained by a Federal court order from violations of the Commission's net capital rule pending court consideration of the Commission's motion for preliminary and permanent injunctions. On January 3, 1958, the court ruled that there was a likelihood of future non-compliance with the rule and that a preliminary injunction would be issued. Peerless was then advised by its counsel, McNabb, Sommerfield & James, that it was not qualified to act as an underwriter in connection with a Regulation A offering; and on January 15, 1958, the underwriting agreement with Peerless was cancelled.

On the same day, a new underwriting agreement was entered into between Condor and Scott Taylor & Co., Inc., for which the McNabb firm acted as counsel. In an amendment to the Regulation A notification filed January 21, 1958, Scott Taylor was listed as underwriter; and the terms of the offering were revised to provide for an offering of 100,000 shares at \$3 per share and the commission and expense payments were changed to 60¢ and 45¢ per share, respectively. The exercise price of the options was increased to 3 mills per share. The final offering circular was filed February 24, 1958. However, according to the Commission's decision, on February 28, 1958, after discussions with Arthur M. Sommerfield of the McNabb firm, Scott Taylor entered into a selling arrangement with Peerless under which it was agreed that if Peerless made any sales of Condor stock Scott Taylor would allow to Peerless 54¢ of its 60¢ per share commission and, in addition, out of the allowance of 45¢ for expenses, would give to Peerless 26¢ per share on the first 25,000 shares, 36¢ per share on the next 25,000 shares, and all 45¢ on the next 5,555 shares. Scott Taylor also agreed to allow Peerless the benefits of the option to purchase Condor stock, but at a price of 1¢ per share. There was no disclosure of this arrangement in the notification or offering circular, or that Peerless might receive \$54,000 of the \$60,000 in commissions, almost \$18,000 of the \$25,000 payment for expenses, and the entire benefits of the option agreement; and up to July 9, 1958, when a temporary suspension order was issued by the Commission, 2,075 shares of Condor stock were sold, all of which sales were effected by Peerless. Scott Taylor had no salesmen offering Condor stock and had made no sales thereof. Under the circumstances, the Commission concluded that the offering circular was "materially

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false and misleading in stating that Scott Taylor was the underwriter and in failing to disclose that Peerless was the actual underwriter and would receive substantial commissions and other compensation in connection therewith."

The Commission also ruled that two investors had purchased Condor stock from or through Peerless and that the required delivery of a copy of the issuer's offering circular was not made, thus violating a condition of Regulation A. The Commission also concluded that Peerless was the actual underwriter and, since Peerless had been enjoined from engaging in securities transactions while in violation of the SEC net capital rule, a Regulation A exemption was not available for the offering and sale of stock through Peerless.

Under the circumstances, the Commission held that the exemption from registration should be permanently suspended.

T.C.A. - MUTUAL FUND DISTRIBUTORS CONSOLIDATED HEARING SCHEDULED

Pursuant to agreement of the parties, the hearing in proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registrations of Mutual Fund Distributors, Inc., and T.C.A. Associates, Inc. (formerly Slayton & Company, Inc.), of St. Louis, Mo., is to be resumed on December 14, 1959, at 10:00 A. M., in St. Louis.

MERRY BROS. BRICK PROPOSES STOCK OFFERING

Merry Brothers Brick & Tile Company, 415 Masonic Bldg., Augusta, Ga., filed a registration statement (File 2-15769) with the SEC on October 26, 1959, seeking registration of 160,000 shares of common stock, to be offered for public sale at \$7.80 per share through an underwriting group headed by The Johnson, Lane, Space Corporation and with a 78¢ per share commission to the underwriters. 27,000 shares will be offered to directors, common stockholders and employees at \$7.41 per share.

The company operates a brick business, and a subsidiary operates tow boats and barges transporting the company's products. It is now engaged in the erection of new production facilities adjoining its present plant in Augusta, to cost \$2,500,000 and to be ready for operation by October 1960. Additional facilities are contemplated which will require further expenditures of about \$1,500,000. Funds for the first phase of such expansion are to be provided as follows: \$1,000,000 estimated net proceeds of the common stock sale; and \$1,500,000 from an insurance company loan or from the company's current funds.

The company now has outstanding 400,000 common shares and 6,000 shares of \$100 par 5% preferred stock. All of the outstanding shares are owned by eleven stockholders, 25% by Ernest B. Merry, Jr., executive vice president, 10.85% by Kenneth H. Merry, president, 12.5% by Edward Howard Merry, 12.5% each by the trustees under the wills of Pierce Merry and Arthur Brian Merry, and 11% by the trustees under the will of Ernest B. Merry for Jane Merry Bennett.

ST. REGIS PAPER FILES FOR EXCHANGE OFFER

St. Regis Paper Company, 150 E. 42nd St., New York, filed a registration statement (File 2-15781) with the SEC seeking registration of 86,250 shares of common stock. The company proposes to offer this stock in exchange for outstanding shares of the common stock of Birmingham Paper Company on the basis of 8.625 shares of St. Regis common for each share of Birmingham common.

St. Regis wishes to acquire all the outstanding shares of Birmingham common, and will declare the exchange offer effective if 95% of the outstanding shares of Birmingham common are deposited in acceptance of the offer (and may do so if no less than 80% are deposited). If not less than 95% of the Birmingham stock is so acquired, St. Regis intends to cause Birmingham to be merged with and into St. Regis.

According to the prospectus, St. Regis now holds written options from 19 holders of 8,661 shares (86.6%) of the outstanding common stock of Birmingham providing for the acceptance of the exchange offer.

CONTINUED

GAS HILLS URANIUM FILES FOR OFFERING AND SECONDARY

Gas Hills Uranium Company, 604 South 18th St., Laramie, Wyo., filed a registration statement (File 2-15780) with the SEC on October 28, 1959, seeking registration of 6,511,762 shares of its common stock, of which 3,990,161 shares are to be offered for sale. The offering price is to be supplied by amendment. Of the 3,990,161 shares, 415,000 shares are to be offered to holders of outstanding common at the rate of 1 share for each 20 shares held; 500,000 shares are to be offered in exchange for properties and services; 326,883 shares are to be offered to certain persons holding convertible promissory notes of the company (including \$10,000 of notes held by management officials which are convertible into 15,000 shares); and 2,748,278 shares are to be offered in behalf of selling shareholders, including 655,500 shares being offered on behalf of management officials and affiliated persons. The remaining 2,521,601 shares are owned or underlie options owned by officers and/or directors, affiliates and associates of the company.

Organized in 1955, the company, alone and in conjunction with others, has acquired, explored and developed uranium properties in Wyoming. According to the prospectus, ore reserves have been delineated on properties being developed by a partnership in which the company is a substantial partner; and a uranium processing mill is now being developed for the processing of ores produced from partnership properties and from independent properties whose ores are committed to this mill. At October 15, 1959, the company had outstanding a total of 8,324,740 common shares (excluding option and conversion rights), of which management officials (including Cotter Ferguson, president) held 2,214,424 shares (for which they paid cash or transferred properties in the amount of \$25,000). An additional 3,250,106 shares were issued to persons for properties or services, and 2,860,210 shares for cash in the amount of \$240,723.

The only cash proceeds to be received by the company are from shares offered pursuant to the subscription offer and a nominal amount from shares offered on behalf of an option holder. Net proceeds thereof are to be added to the general funds of the company to be used to pay outstanding current obligations (including amounts to pay obligations to management officials) and to the extent available for property acquisitions and general operating expenses. A portion of the proceeds may be used to repay bank loans and/or interest and carrying charges thereon.

The large list of selling stockholders includes Ferguson (100,000 shares) and three other officers (for a total of 190,000 shares).

SELIGMAN FILES FOR SECONDARY

Seligman & Latz, Inc., 666 Fifth Avenue, New York, filed a registration statement (File 2-15782) with the SEC on October 28, 1959, seeking to register 250,000 shares of outstanding common stock to be offered for public sale by underwriters headed by F. Eberstadt & Co. The selling price and underwriting commissions are to be supplied by amendment. The selling stockholders are the S. & L. Holding Co. (200,968 shares) and the Executors for the estate of I. A. Latz (49,032 shares). The shares constitute all of the outstanding common stock. Sidney and Eva S. Seligman, Edwin K. and Ethel S. Latz, and Florence K. Latz are the sole partners of the Holding Company, and Edwin K. Latz and Sidney Seligman are president and executive vice-president and treasurer, respectively, of the registrant. The selling stockholders will continue to own all of the outstanding Class B stock (500,000 shares) and of the \$100 par value preferred stock (15,000 shares). The company operates beauty salons in leading department and specialty stores, including the "Antoine" salons.

BARCHRIS CONSTRUCTION PROPOSES STOCK OFFERING

BarChris Construction Corporation, 35 Union Square West, New York, filed a registration statement (File 2-15783) with the SEC on October 28, 1959, seeking registration of 280,000 shares of common stock, to be offered for public sale at \$6 per share. The offering is to be made by Peter Morgan & Company, who has the right to sell the shares for a period of 30 days from the commencement date of the offering and will be entitled to no commission unless all the shares are sold. If sold, the underwriter will receive a commission of 75¢ per share plus up to \$10,000 for expenses. Upon completion of the sale, the underwriter may purchase 30,000 common stock purchase 5-year warrants for \$300, each warrant entitling the holder to purchase one common share at \$6 per share. The company also will pay finders' fees of \$18,000 if all the shares are sold.

OVER

The company is engaged principally in the design, manufacture, construction, installation, modernization and repair of bowling alleys and the manufacture and sale of related equipment. It now has outstanding 300,000 common shares and certain indebtedness. About \$750,000 of the proceeds of the sale of additional stock will be used to set up a new subsidiary to be organized for the purpose of financing part of the company's sale; \$100,000 to replenish working capital for the cost of remodeling the company's new show room and office building; \$75,000 to replenish working capital for machinery and equipment at its Brooklyn plant; \$300,000 for expansion of the wholesale and retail bowling and billiard supply business of B & C Bowling Supplies, Inc., a subsidiary; and the balance for other corporate purposes. Of the outstanding stock, 135,000 shares each are owned by Christia F. Vitolo and Leborio Pugliese, president and vice president, respectively.

MISSOURI POWER PROPOSES BOND ISSUE

Missouri Power & Light Company, 106 West High St., Jefferson City, Mo., filed a registration statement (File 2-15784) with the SEC today seeking registration of \$4,000,000 of first mortgage bonds, due 1989, to be offered to the public at competitive bidding.

Proceeds from the proposed issue will become part of the general funds of the company which will be used to retire short term bank loans incurred in connection with its construction program (\$2,800,000), to finance the cost of further additions to its property and plant, and for other corporate purposes. The company estimates its construction expenditures for 1959 and 1960 will aggregate approximately \$7,000,000 and will consist principally of the installation of electric substations and other transmission and distribution facilities, including gas distribution facilities.

MODIFICATION OF INSIDER TRADING RULES PROPOSED

The SEC today announced a proposal for modification of the so-called "insider trading rules" under the Securities Exchange Act of 1934; and it invited the submission of views and comments thereon not later than November 30, 1959 (Release 34-6103).

The proposal relates to Rule 16b-2, which contains certain exemptions from the "recovery" provision of Section 16(b) of the Act for transactions by underwriters and others in connection with a public distribution of securities; and to Rule 16c-2, which contains certain exemptions from the short-sale prohibitions of Section 16(c) for transactions by underwriters and others in connection with a public distribution of securities. The amendments generally seek to clarify the nature and scope of these exemptions.

CONSOLIDATED DIESEL ELECTRIC FILES FOR DEBENTURE OFFERING

Consolidated Diesel Electric Corporation, 880 Canal St., Stamford, Conn., today filed a registration statement (File 2-15785) with the SEC seeking registration of \$1,000,000 of 6% Convertible Subordinated Debentures due 1975, to be offered for public sale at 100% of principal amount through an underwriting group headed by Van Alstyne, Noel & Co. The underwriting terms are to be supplied by amendment.

The company is engaged in the design and production of specialized lines of equipment for the support and servicing of missiles and military and commercial aircraft; electrical generating equipment; and pneumatic, hydraulic and electrical testing. Subsidiaries engage in the design and production of electronic devices; precision, sensory and automatic control systems; electric motors and generators; and bronze valves for heating, plumbing, air conditioning and other residential and industrial uses. Net proceeds of the debenture sale will be used in part to discharge \$187,535 "sunday indebtedness" of subsidiaries, the balance to be used to replenish working capital, for financing increasing commercial business of the parent and its subsidiaries, and for other corporate purposes. The company also has arranged to procure a long-term loan of \$1,800,000 from an insurance company, conditional upon sale of the debentures, the proceeds to be used in large part to refund most of the outstanding obligations incurred to finance the acquisition of the business now conducted by the Hammond Valve Corporation subsidiary.

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