

NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.

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SHAER SHOE CORP. FILES FOR SECONDARY. Shaer Shoe Corporation, Canal and Dow Sts., Manchester, N. H., filed a registration statement (File 2-18916) with the SEC on September 18th seeking registration of 225,000 outstanding shares of its common stock, to be offered for public sale on an all or none basis through underwriters headed by Dean Witter & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of women's popular priced dress shoes. It now has outstanding 500,000 common shares, all held by the three selling stockholders, as follows: David L. Shaer, president, 249,771 shares, and Samuel Shaer and Maurice L. Shaer, vice presidents, 200,000 and 50,229, respectively. They propose to sell 112,396, 87,000 and 25,604 shares, respectively.

DISTRICT DRUG CORP. FILES FINANCING PROPOSAL. District Wholesale Drug Corporation of Washington, 52-60 "O" Street, N. W., Washington, D. C., filed a registration statement (File 2-18917) with the SEC on September 19th seeking registration of \$500,000 of 6% Convertible Subordinated Sinking Fund Debentures due 1976, and 100,000 shares of Class A common stock. The debentures are to be offered for public sale at 100% of principal amount with a 6% commission to the underwriters; and the common shares are to be offered for sale at \$4 per share with a 10% commission to the underwriters. Auchincloss, Parker & Redpath is listed as the principal underwriter. Also included in the statement are an additional 10,000 Class A shares issuable at \$4 per share upon exercise of five-year warrants sold to the Auchincloss firm for \$500.

The company's principal business is that of serving retail drug stores in the District of Columbia, Maryland and Virginia, including ethical drugs, chemicals, proprietary medicines, cosmetics, toiletries, personal health products and other retail drug store sundries. The \$815,000 estimated net proceeds of this financing will be used in part to pay off some \$210,000 of outstanding securities of Loewy Drug Company, Inc., a subsidiary. The balance will be used to provide additional working capital and expand the company's business operations through servicing more retail drug stores within a larger area.

In addition to indebtedness and preferred stock, the company now has outstanding 30,027 Class A and 370,950 Class B common shares. Of the outstanding Class A and Class B shares, Samuel Lichtenstein, board chairman, owns (with his family) 52.1%, David I. Estrin, president, 16.3%, and management officials as a group 91.6%.

ULTRA PLASTICS PROPOSES OFFERING. Ultra Plastics, Inc., 875 North 28th St., Philadelphia, filed a registration statement (File 2-18918) with the SEC on September 19th seeking registration of 150,000 shares of Class A common stock, to be offered for public sale at \$4 per share. The offering will be made by Amos Treat & Co., Inc., which will receive a commission of 50¢ per share plus \$5,000 for expenses. Also included in the statement are an additional 15,000 shares underlying five-year warrants sold for \$15 to Amos S. Treat and exercisable at \$4 per share, plus an additional 7,500 Class A shares to be sold at 25¢ per share to Joseph O'Neill and Samuel Switsky of Reynolds & Company as a finder's fee.

The company is engaged in the manufacture and sale of outdoor plastic signs, components for signs and urethane foam. It is currently commencing to exploit a new process for the continuous manufacture of rigid and semi-rigid urethane sandwich foam panels; and in addition it has begun to develop an animated internally lighted outdoor plastic sign based on a patented process using polarized light. The \$487,500 estimated net proceeds of this financing will be used for the repayment of a bank loan, purchase of new equipment and machinery, additional personnel and advertising, inventory of chemicals and facings, and working capital. According to the prospectus, the company now has outstanding 137,590 shares of Class A common stock for which the holders paid \$40,272. Immediately after the sale of the additional Class A stock the book value thereof will approximate \$1.80 per share. Principal stockholders are Edward J. Kinslow, president, and Donald J. MacDonald, vice president, who own 22,400 shares each, and Jack Dunnous, executive vice president, who owns 21,200 shares.

FAMILY FINANCE PROPOSES DEBENTURE OFFERING. Family Finance Corporation, 201 West Fourteenth Street, Wilmington, Del., filed a registration statement (File 2-18919) with the SEC on September 19th seeking registration of \$25,000,000 Senior Debentures due 1981, to be offered for public sale through underwriters headed by Goldman, Sachs & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is a holding company whose subsidiaries are engaged primarily in the direct consumer loan business and related activities. The company's subsidiaries operate 365 offices located in 244 cities in 29 states. Net proceeds of the debenture sale will be added to the company's general funds and will be available for additional working capital, namely, for advances to subsidiaries as required for use in their respective businesses, and for other general corporate purposes. In addition to various indebtedness, the company has outstanding 4,669,736 shares of common stock. The principal stockholder, The Citizens and Southern National Bank of Atlanta, Ga., owns 21.4% of the outstanding stock and management officials as a group 1.5%. The Bank owns the stock of record as sole or co-trustee under thirteen trusts, the beneficiaries of certain of which trusts include Jack L. King, a director, and members of the immediate families of Mr. King and Ben T. Smith, another director. The prospectus lists William B. Paul, Jr., as president and board chairman.

OVER

WORLDWIDE FUND FILES FOR OFFERING. Worldwide Fund Limited, Bank of Bermuda, Hamilton, Bermuda, filed a registration statement (File 2-18920) with the SEC on September 19th seeking registration of 100,000 shares of common stock, to be offered for public sale initially at \$100 per share. The offering will be made by Burnham and Company, principal underwriter and distributor as well as investment adviser to the Fund. No commission, sales loan or other remuneration to Burnham or anyone else will be made in connection with the sale of these shares. The Commission recently permitted the Fund to register as an investment company under the Investment Company Act and to make a public offering of its shares in the United States, subject to certain conditions and undertakings agreed to by the Fund. The Fund proposes to invest primarily in equity securities of foreign issuers. Maurits E. Edersheim, partner of Burnham and Company, will serve as president until the first meeting of stockholders. The Fund has sold 1,000 common shares at \$100 per share to Burnham and Company, a partner, and members of partners' families.

ILLINOIS CAPITAL INVESTMENT. Illinois Capital Investment Corporation, 20 N. Wacker Drive, Chicago, filed a registration statement (File 2-18921) with the SEC on September 19th seeking registration of 250,000 common shares, to be offered for public sale on an all or none basis through underwriters headed by Blair & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

Organized in March 1961 under Illinois law, the company is licensed as a small business investment company under the SBIA of 1958 and is a closed-end non-diversified management investment company registered under the Investment Company Act. It proposes to finance small business concerns through the investment in such concerns' equity securities or by making long term loans to such concerns, and to render consulting and advisory services to such concerns. Net proceeds of this financing will be used for such purposes. A portion thereof may be used to retire a 5% subordinated Debenture in the amount of \$150,000 held by the Small Business Administration. The company now has outstanding 40,048 common shares, of which management officials own 64.1%. The largest block (4,950 shares) is owned by Irving Berlin, president.

REGISTRATION EXEMPTION FOR SHORT TERM PAPER ANALYZED. The SEC today issued a statement (Release 33-4412) discussing the exemption from registration provided by Section 3(a)(3) of the Securities Act of 1933, which reads: "Any note, draft, bill of exchange, or bankers' acceptance which arises out of a current transaction or the proceeds of which have been or are to be used for current transactions, and which has a maturity at the time of issuance of not exceeding nine months, exclusive of days of grace, or any renewal thereof the maturity of which is likewise limited."

The legislative history makes it clear, the statement stated, that Section 3(a)(3) applies only to prime quality negotiable commercial paper of a type not ordinarily purchased by the general public, that is, paper issued to facilitate well recognized types of current operational business requirements and of a type eligible for discounting by Federal Reserve banks. The Commission's staff has interpreted the exemption to exclude, as not satisfying the nine-month maturity standard, obligations payable on demand or having provision for automatic "roll over." Furthermore, the current transactions standard is not satisfied where the proceeds are to be used for the discharge of existing indebtedness unless such indebtedness is itself exempt under Section 3(a)(3); the purchase or construction of a plant; the purchase of durable machinery or equipment; the funding of commercial real estate development or financing; the purchase of real estate mortgages or other securities; the financing of mobile homes or home improvements; or the purchase or establishment of a business enterprise.

A type of security generally considered to fall within the terms of the exemption is short-term paper issued by finance companies to carry their installment loans. In Securities Act Release No. 401 it was recognized that current transactions by such companies may properly include: "(a) the making of loans upon or purchasing of . . . notes, installment contracts, as other evidences of indebtedness in the usual course of business, or (b) the payment of outstanding notes under Section 3(a)(3)." ^{2/} The items covered by the release are composed of assets easily convertible into cash and are comparable to liquid inventories of an industrial or mercantile company. What is a current transaction is, of course, a question which must be considered in the light of the particular facts and business practice surrounding individual cases.

It should be emphasized that the exemption from registration, if available, affords no exemption from the civil liabilities of Section 12(2) of the Act and the anti-fraud provisions of Section 17 of the Act.

SEC COMPLAINT NAMES INTERNATIONAL IRON OF COSTA RICA. The SEC Fort Worth Regional Office announced September 14th (LR-2101) the filing of Federal court action (USDC, Houston) seeking to enjoin the further offering and sale of stock of International Iron of Costa Rica, Inc., in violation of the Securities Act registration and anti-fraud provisions. Defendants named in the complaint, in addition to the issuing company, were A. W. Dugan, John A. Croom, Cloyce F. Chandler, Jr., Andrew C. SoRelle, Jr., Steve Van Gelder, International Iron, Inc., International Underwriters Corporation, and Regalias, S.A.

SEC COMPLAINT NAMES INTERNATIONAL IRON INC. The SEC Fort Worth Regional Office also announced September 14th (LR-2102) the filing of a similar complaint in the same court seeking to enjoin International Iron, Inc., A. W. Dugan, John A. Croom and Cloyce F. Chandler, Jr., from further violations of the Securities Act registration and anti-fraud provisions in the offering and sale of stock of International Iron Inc.

CONTEMPT ACTION FILED AGAINST ROLAND WINBURN. The SEC Denver Regional Office announced September 15th (LR-2103) the filing of an application (USDC, Denver) for an order directing Roland Winburn to show cause why he should not be punished for criminal contempt, which application is set for hearing October 30th. The application asserts that Winburn has violated a prior court injunction decree by selling stock of All American Marble Co. in violation of the Securities Act registration requirement.

NORMAN LEMMONS INC. ENJOINED. The SEC Chicago Regional Office announced September 18th (LR-2104) the entry of a Federal court order (USDC, Hammond, Ind.) permanently enjoining Norman Lemmons, Inc., of Hammond, and Norman Levinson, president, from the further conduct of a securities business in violation of the SEC net capital rule.

SEC COMPLAINT NAMES ELECTRONICS SECURITY CORP. The SEC Chicago Regional Office announced September 18th (LR-2105) the filing of action in Federal court (USDC, Minneapolis) seeking to enjoin Electronics Security Corporation and its president, Simeon Miller, from further violations of the anti-fraud and anti-manipulative provisions of the Federal securities laws in the offer and sale of Electronics Security stock, and seeking the appointment of a receiver for the said company.

CHRISLIN PHOTO HEARING SET. The SEC has scheduled a hearing for October 9th in its New York Regional Office to determine whether it should vacate or make permanent the August 31st order of the Commission temporarily suspending a Regulation A exemption from Securities Act registration with respect to the public offering of 50,000 shares of Class A stock at \$6 per share by Chrislin Photo Industries Corp., of Hicksville, N. Y. The hearing was requested by Chrislin and the underwriter, Lewis Wolf, Inc.

WISCONSIN NATURAL GAS PROPOSES BOND OFFERING. Wisconsin Natural Gas Company, Racine, Wis., today filed a registration statement (File 2-18922) with the SEC seeking registration of \$4,000,000 of First Mortgage Bonds, series due 1986, to be offered for public sale at competitive bidding. Net proceeds of the bond sale will be used to retire some \$2,500,000 of short-term bank loans, to reimburse the company's treasury for capital expenditures previously made, and to finance in part the cost of continuing additions and improvements to the company's utility property. Construction expenditures are estimated at \$6,300,000 for the 18 months ending December 31, 1962.

SECURITIES ACT REGISTRATIONS. Effective September 19: Abbey Automation Systems, Inc. (File 2-18254); General Spray Service, Inc. (File 2-18358); Nu-Tone, Inc. (File 2-18512); Pacific Gas and Electric Company (File 2-18836); Palm Beach Towers Company (File 2-18577); Rocky Mountain Natural Gas Company, Inc. (File 2-18475); Telephones, Inc. (File 2-18564). Effective September 20: American Packing Company (File 2-18417); American Recreation Centers, Inc. (File 2-18363); British-American Construction & Materials Limited (File 2-18473); Control Data Corp. (File 2-18665); Magnetic Metals Company (File 2-18607); Northern Indiana Public Service Company (File 2-18770); Public Service Company of Colorado (File 2-18751); Thompson Ramo Wooldridge, Inc. (File 2-17583). Withdrawn September 20: Great American Industries, Inc. (File 2-18210).

TRADING IN BLACK BEAR INDUSTRIES SUSPENDED. The SEC has issued an order temporarily suspending trading in the common stock of Black Bear Industries, Inc., on the San Francisco Mining Exchange and over-the-counter market for a further ten-day period September 21 to 30, 1961, inclusive.

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