

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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Washington 25, D.C.

FOR RELEASE February 16, 1962

ADVANCE. Following Item for Release in SATURDAY MORNING NEWSPAPERS.

QUESTIONNAIRE SENT TO NYSE SPECIALISTS. Milton H. Cohen, Director of the Special Study of Securities Markets, announced today that all New York Stock Exchange specialists have been requested to fill out a questionnaire concerning their specialist activities. The questionnaire covers a number of different subject matters and is designed to provide information concerning various functions and practices of specialists. In a covering letter accompanying the questionnaire, it was emphasized that the questions should not be interpreted as an indication of improper activity or an indication that particular firms or listed companies are under investigation. Also, the fact that questions are asked concerning particular activities should not be taken as an indication that such activities are, or are not, deemed proper, lawful or desirable.

Among the subjects covered in the questionnaire are such matters as "stopping" stock, stop loss orders, the handling of block transactions, the performance of specialists in maintaining a fair and orderly market, relations of specialists with issuers, customers and members, and various business practices of specialist firms. Some of the areas covered in the questionnaire relate to matters which were indicated in the recent Staff Report on Organization, Management, and Regulation of Conduct of Members of the American Stock Exchange as being subject to further study in the course of the Special Study of Securities Markets. Other questions are designed to gather information which will enable the Commission to evaluate the specialists' performance of their unique role in the functioning of the auction market on the New York Stock Exchange.

(NOTE: A specialist on the Exchange is required to quote a market in all stocks in which he specializes. This market may consist of a bid and offer placed by members of the public, but the Exchange requires the specialist to inject himself into the market on either the bid or offer side, or both, if in his judgment there is too wide a spread between the public bid and offer. He is permitted to act both as a broker on behalf of others and as a dealer for his own account in all securities in which he is registered).

TOWNSEND MANAGEMENT SEEKS ORDER. Townsend Management Company, Short Hills, N. J., investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to a proposed transaction with Fiduciary Counsel, Inc.; and the Commission has issued an order (Release IC-3425) giving interested persons until March 5th to request a hearing thereon. Fiduciary has outstanding 296 shares of capital stock, all owned by TMC. Under the proposal, TMC will exchange all its interest in Fiduciary for cash of \$79,750 and 31,000 shares of TMC stock held by a group of individuals, some of whom are affiliated persons of TMC.

TOWNSEND CORP. OF AMERICA SEEKS ORDER. Townsend Corporation of America, Short Hills, N. J., investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to a proposed transaction with two subsidiaries; and the Commission has issued an order (Release IC-3426) giving interested persons until March 5, 1962, to request a hearing thereon. TCA owns 80% of Princessville Research Park Corporation and 100% of Princeton Pike Corporation. It is proposed that TCA exchange all of its interest in the two companies for 68,316 shares of TCA common held by two individuals who had previously sold TCA its interest in such companies.

SECURITIES ACT REGISTRATIONS. Effective February 16: ADR's of Rogosin Industries of Israel, Ltd. (Bankers Trust Company) (File 2-19733); Farmbest, Inc. (File 2-19528).

TRADING IN BLACK BEAR INDUSTRIES SUSPENDED. The SEC has issued an order 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 February 18-27, 1962, inclusive.

REPUBLIC-FRANKLIN LIFE INSURANCE FILES FOR STOCK OFFERING. Republic-Franklin Life Insurance Company, 12 North Third Street, Columbus, Ohio, filed a registration statement (File 2-19787) with the SEC on February 15th seeking registration of 266,667 shares of Class A common stock, to be offered for public sale at \$7.50 per share. The offering will be made on an all or none basis through underwriters headed by The Robinson-Humphrey Company, Inc. (Rhodes-Haverty Building, Atlanta, Ga.) and two other firms, which will receive a 60¢ per share commission.

The company was organized under Ohio law in November 1961 as a legal reserve life insurance company. It proposes to sell all customary forms of annuity contracts, life insurance policies and sickness and accident insurance policies, initially only in Ohio. It was formed through the efforts of Republic-Franklin Insurance Company (RFI), an Ohio company. The prospectus indicates that RFI is the principal holder of Class B stock of the company, will share certain equipment and personnel with the company, will, in some instances, have common management with the company and be represented on the board of directors of the company. The net proceeds from the stock sale, together with \$500,002.50 derived from the sale of Class B stock, will be used to reimburse RFI for expenses incurred in connection with the company's organization, and to pay all other organizational costs, to pay operating expenses, and to invest the balance in securities authorized as investments for Ohio life insurance companies.

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The company has outstanding 66,667 shares of Class B common stock, of which RFI owns 66,655 shares, purchased at \$3 per share. William C. Cook is president of the company and of RFI. Kenneth G. Morris, treasurer of the company, is board chairman of RFI.

TAYLOR WINE CO. PROPOSES RIGHTS OFFERING AND SECONDARY. The Taylor Wine Company, Inc., Hammondsport, N. Y., filed a registration statement (File 2-19788) with the SEC on February 15th seeking registration of 210,312 shares of common stock, of which 170,000 shares, being outstanding stock, are to be offered for public sale by the holders thereof on an all or none basis through underwriters headed by The First Boston Corp., 15 Broad Street, New York. The company proposes to offer the remaining 40,312 shares for subscription at the public offering price by common stockholders at the rate of one new share for each 32 shares held. The record date, public offering price (maximum \$25 per share*) and underwriting terms are to be supplied by amendment.

The company produces various types of sparkling and still wines which are marketed throughout the country principally under the Taylor and Great Western brand names. The net proceeds from the company's sale of additional stock will be added to general funds and used principally for the construction of additional pressing, processing and storage facilities and to provide working capital for the Pleasant Valley facilities recently acquired by the company. In December 1961, the company acquired the principal assets and winery of the Pleasant Valley Wine and Scotch Whisky Import Division (Pleasant Valley) of Great Western Producers, Inc. for 300,000 common shares and \$172,794 in cash. These facilities adjoin the company's principal office in Hammondsport.

In addition to certain indebtedness, the company has outstanding 1,290,000 shares of common stock, of which Fred C. Taylor, president, and Clarence W. Taylor and Greyton H. Taylor, vice presidents, own 198,000, 197,725 and 192,280 shares, respectively. They propose to sell 37,974, 38,259 and 37,445 shares, respectively. They propose to sell 37,974, 38,259 and 37,445 shares, respectively. In addition, Flora T. Keeler owns 146,300 shares and proposes to sell 29,305 shares; and Lincoln Rochester Trust Company, as trustee and executor under the will of Lucy T. Zimmer, holds an aggregate of 134,860 shares and proposes to sell 27,017 shares. Great Western Producers, Inc., of New York, is the owner of 23.3% of the outstanding stock of the company.

POTOMAC ELECTRIC POWER PROPOSES RIGHTS OFFERING. Potomac Electric Power Company, 929 E Street, N. W., Washington, D. C., filed a registration statement (File 2-19790) with the SEC on February 15th seeking registration of 536,221 shares of common stock. It is proposed to offer such stock for subscription by common stockholders at the rate of one new share for each 15 shares held on March 7, 1962. Dillon, Read & Co. Inc., 46 William Street, N.Y., and Johnston, Lemon & Co., Southern Bldg., Washington, D. C., head the list of underwriters. The subscription price (maximum \$45 per share*) and underwriting terms are to be supplied by amendment. Net proceeds from the stock sale will be used to pay \$9,800,000 of 4½% bank loan notes due March 30, 1962, incurred for construction expenditures, working capital and other corporate purposes; to reimburse the company's treasury for a portion of the construction expenditures previously made; and to provide for a portion of the anticipated construction expenditures. During 1961 the company made property additions of \$45,916,000 and property retirements of \$5,009,000; and it anticipates that gross property additions for 1962 will aggregate \$53,000,000. In addition to certain indebtedness, the company has outstanding 7,885,613 shares of common stock, of which management officials as a group own 19,126 shares. R. Roy Dunn is president and Alfred G. Neal is board chairman.

PATENT RESEARCH & DEVELOPMENT FILES FOR STOCK OFFERING. Patent Research & Development Inc., 35 Third Avenue, Long Branch, New Jersey, filed a registration statement (File 2-19789) with the SEC on February 15th seeking registration of 150,000 shares of common stock, to be offered for public sale at \$5 per share. The offering will be made on a best efforts basis by Louis R. Dreyling & Co., Inc. (25 Livingston Avenue, New Brunswick, N.J.), which will receive a 60¢ per share selling commission and \$32,000 for expenses. The statement also includes 30,000 shares to be sold to the underwriter at 10¢ per share at the rate of one share for each five shares sold.

The company was organized under Delaware law in February 1961 for the general purpose of engaging and specializing in the design, manufacture, and sale of new product developments in the chemical, electronics, electrical, mechanical and other engineering fields, and to develop and present new patent products for the creation of new industries. Its activities to date have been largely organizational, in the accumulation of new patents, patent applications and processes, except for its activities in the chemical field, where it is said research and development and sales have been made. Of the \$603,675 estimated new proceeds from the stock sale, \$105,000 will be used to purchase ferrous ammonium sulphate (for use in the fertilizer and soil container field), \$100,000 to finance the manufacture and sale of Pipe-Pac (a pipe tobacco product), and the balance for various other and related purposes, including salaries, advertising and promotion, equipment, manufacture and sale of certain products, and for working capital.

The company has outstanding 159,240 shares of common stock, of which 109,240 shares were sold to organizers for an aggregate of \$26,250; 40,000 shares were issued for the assets and liabilities of Rolawn, Inc., South River, N. J. which has been engaged in the horticultural field; and 10,000 shares were issued in connection with the license to manufacture and sell the Pipe-Pac product.

Of the 109,240 outstanding shares sold to organizers, John C. Kancylarz, president (and former president of Rolawn), and E. W. Spafford, a director, own 33.86% and 31.34%, respectively. The sale of stock to the public at \$5 per share will result in an increase in the book value of the said 109,240 shares from 44¢ to \$1.92 a share and a corresponding dilution of \$3.08 per share in the book equity of stock purchased by the public.

ORAL ARGUMENTS, COMING WEEK: February 20. H. N. Cooper & Co. and R. C. Carroll & Co.

*As estimated for purposes of computing the registration fee.

(See Page 1 for Securities Act Registrations)

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