

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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

(In ordering full text of Releases from Publications Unit, cite number)



Washington 25, D.C.

FOR RELEASE November 6, 1962

**GRANITE CITY GENERATING PLAN APPROVED.** The SEC has approved a plan for the liquidation and dissolution of the voting trust for Granite City Generating Company filed by the Voting Trustees (of Chicago) pursuant to Section 11(e) of the Holding Company Act. (Release 35-14739)

Pursuant to a 1961 order of the Commission, the physical assets of Granite City, consisting principally of a small generating station in Illinois, were sold to a non-affiliated company. Part of the proceeds of the sale was used to retire the balance of outstanding 5% First Mortgage and Collateral Trust Certificates; and the common stock of Granite City was surrendered by the Voting Trustees for cancellation, who received for distribution about \$479,292 in cash. They also hold contingent claims for possible refunds of Federal income taxes. Granite City was formally dissolved in March 1962.

Under the plan, as approved, the assets of the Voting Trust, consisting almost solely of cash, will be distributed to the holders of voting trust certificates. It also provides for the payment of legal fees and expenses aggregating \$27,250, plus compensation to certain present and past Voting Trustees in the aggregate amount of \$54,750.

The Commission will apply to the United States District Court for the Southern District of Illinois for approval and enforcement of the plan.

**WECHSLER SETTLEMENT OFFER ACCEPTED.** The SEC has issued an order under its Rules of Practice (Release 34-6932) accepting the resignation of Nathan Wechsler, of Washington, D. C., "from appearance or practice of any kind before this Commission." The Commission's staff had charged that Wechsler had engaged in conduct which should disqualify him from further appearance or practice before the Commission. Wechsler denied the charges and also denied that he practices or enjoys the privilege of practicing before the Commission. Wechsler also applied to the Commission for a discontinuance of further proceedings in this matter on the ground that his health will be seriously impaired if the matter proceeds, and it appears from the record in this case, upon the basis of medical evidence presented, that respondent's health is presently seriously impaired, that such impairment may continue for a period of several years, and that the continuation of proceedings in this matter creates a significant risk of serious aggravation of his condition.

Wechsler also tendered a formal writing in which he agrees that he will not practice before the Commission in any way in the future and in which he recognizes and agrees that his resignation is permanent. The Commission concluded on the basis of the record and said formal writing that it was appropriate under the circumstances to accept the offer of resignation.

**"PRIVATE OFFERING" EXEMPTION DISCUSSED.** The SEC today issued Securities Act Release 4552 discussing various factors pertinent to a determination as to the availability of the so-called "private offering exemption" from the Securities Act registration requirement afforded by the second clause of Section 4(1) of the Act for "transactions by an issuer not involving any public offering." Traditionally, this clause has been regarded as providing an exemption from registration for bank loans, private placements of securities with institutions, and the promotion of a business venture by a few closely related persons. However, an increasing tendency to rely upon the exemption for offerings of speculative issues to unrelated and uninformed persons prompts this statement to point out the limitations on its availability. In discussing the various considerations which govern the availability of such an exemption, the Commission observed: "Whether a transaction is one not involving any public offering is essentially a question of fact and necessitates a consideration of all surrounding circumstances, including such factors as the relationship between the offerees and the issuer, the nature, scope, size, type and manner of the offering." (The release is being distributed to lawyers and others who regularly receive announcements of Commission rules and related matters.)

**MERCO ENTERPRISES FILES FOR OFFERING AND SECONDARY.** Merco Enterprises, Inc., 750 Stewart Avenue, Garden City, L.I., N.Y., filed a registration statement (File 2-20866) with the SEC on November 5th seeking registration of 104,000 shares of common stock, of which 33,000 shares are to be offered for public sale by the company and 71,000 shares, being outstanding stock, by the holders thereof. J. R. Williston & Beane, 2 Broadway, New York, heads the list of underwriters. The public offering price (maximum \$5.50 per share\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the business of selling phonograph records to, and providing merchandising services for, 83 retail record departments in the United States, including 5 leased record departments operated by the company's wholly-owned subsidiaries in retail discount centers in the New York metropolitan area. The net proceeds from the company's sale of additional stock will initially be used as working capital for general corporate purposes, including possible acquisition or establishment of additional leased record departments in discount centers. The company has outstanding 301,035 shares of common stock, of which Jack Grossman, president, and Marvin W. Rossman, vice president, own 121,515 and 107,180 shares, respectively. They propose to sell 36,833 and 34,167 shares, respectively. Book value of stock now outstanding is 97¢ per share.

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**VENRIDE FILES FOR STOCK OFFERING.** Venride Inc., 241 Church Street, New York, filed a registration statement (File 2-20868) with the SEC on November 5th seeking registration of 150,000 shares of common stock, to be offered for public sale at \$3 per share on an agency best efforts basis by Leonard B. Stern & Company, 225 Broadway, New York, which will receive a 30¢ per share selling commission and \$10,000 for expenses.

The company owns and operates coin-activated children's rides in about 25 states, primarily in shopping areas. Of the \$376,000 estimated net proceeds from the stock sale, \$170,000 will be used to pay current liabilities (including \$39,000 due certain shareholders), \$100,000 to purchase additional equipment for location and operation in the company's business, and the balance to retire short-term obligations due banks (incurred for equipment purchases), and for working capital purposes. In addition to certain indebtedness, the company has outstanding 172,000 shares of common stock, of which Justin J. Bayer, president, and Myron S. Usdan, secretary-treasurer, own 21.8% each, and Rudolph Cohen, 13.1%. Sale of new stock to the public at \$3 per share will result in an increase in the book value of stock now outstanding from 53¢ to \$1.44 per share with a resulting dilution of \$1.56 per share in the book equity of stock purchased by the public. According to the prospectus, the company has sustained losses of \$30,310 since its organization in March 1961, and at September 30, 1962, its current liabilities exceeded its current assets by \$247,385.

**KAUFMAN AND BROAD BUILDING FILES FOR SECONDARY.** Kaufman and Broad Building Company, 3033 North Central Ave., Phoenix, Ariz., filed a registration statement (File 2-20869) with the SEC on November 5th seeking registration of 15,700 outstanding shares of common stock, to be offered for public sale by the holders thereof from time to time at prevailing market prices (maximum \$11.875 per share\*).

The company is engaged in the business of selling and mass-producing low-priced single family dwelling units in its own developments, constructing housing under fixed-price contracts for the military and municipal housing authorities, and improving raw land for its own use or for sale to other builders. In addition to certain indebtedness, the company has outstanding 317,000 common and 288,000 Class B common shares (convertible into common, not entitled to cash dividends). Eli Broad, president and board chairman, and Donald Kaufman, executive vice-president, each owns about 15% of the common and 50% of the Class B shares. Marvin Mony and Yale Simons, the selling stockholders, each received 9,850 shares of the company pursuant to the company's acquisition in 1961 of their interests in a company now operated as a subsidiary. Mony proposes to sell 9,850 shares and Simons 5,850 shares.

**PERKIN-ELMER FILES STOCK PLAN.** The Perkin-Elmer Corporation, Main Avenue, Norwalk, Conn., filed a registration statement (File 2-20870) with the SEC on November 5th seeking registration of 138,700 shares of common stock, to be offered pursuant to its Restricted Stock Option Plan for Key Employees.

**SECURITIES ACT REGISTRATIONS.** Effective November 5: Associated Oil & Gas Co. (File 2-20677); Jersey Central Power & Light Co. (File 2-20732).

**GENERAL MOTORS FILES FOR SECONDARY.** General Motors Corporation, 1775 Broadway, New York, today filed registration statements (Files 2-20871 and 2-20872) with the SEC seeking registration of (1) 1,581,692 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Morgan Stanley & Co., 2 Wall Street, New York, and (2) 127,827 outstanding common shares, to be offered by the holders thereof (without underwriting) on the New York Stock Exchange or otherwise, at prevailing market prices at the time of sale. The public offering price for the 1,581,692 shares (maximum \$58 per share\*) and underwriting terms are to be supplied by amendment. The selling stockholders of the 1,581,692 shares are Christiana Securities Company, Longwood Foundation, Inc., William F. Raskob and persons falling in one or more of the following categories: officers and directors of Christiana, brothers and sisters of the late Pierre S. du Pont or their descendants, certain other members of the du Pont family, spouses and children living in the household of any of the foregoing, and certain related trusts. The holders of 1,397,789 of such shares are required by a recent court judgment to dispose of their General Motors holdings. This list of some 30 selling stockholders includes Christiana, Longwood, and Irene du Pont, who propose to sell 100,000, 168,648 and 180,800 shares, respectively. The selling stockholders of the 127,827 shares are officers and directors of E. I. du Pont de Nemours and Company, officers and directors of Christiana, brothers and sisters of the late Pierre S. du Pont or their descendants, spouses and children living in the household of any of the foregoing, and certain related trusts. The holders of 84,041 of such shares filed a Submission to Jurisdiction which subject them to the said Judgment, and the holders of the balance are not required by the Judgment to dispose of their holdings. These two lists include an aggregate of some 54 selling stockholders, including Emily T. du Pont, who proposes to sell 27,200 shares. The second statement also relates to an additional 31,048 outstanding shares which remain to be sold out of 101,354-share offering covered by a prospectus dated August 1, 1962. After such sales, Christiana will still own 2,177,850 General Motors shares; and the prospectus indicates that Christiana has not determined when and how within the requirements of the Judgment it will dispose of such shares.

\*As estimated for purposes of computing the registration fee.

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