

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

Washington 25, D.C.

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

(Issue No. 63-6-19)

FOR RELEASE June 27, 1963

SKYSKOOTER CO. OFFERING SUSPENDED. The SEC has issued an order under the Securities Act of 1933 temporarily suspending a Regulation A exemption from registration under that Act with respect to a proposed public offering of stock by The Skyskooter Company, 1027 North First Street, Phoenix, Ariz.

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding \$300,000 in amount. In a notification filed May 2, 1963, Skyskooter proposed the public offering of 100,000 shares at \$3 per share. In its suspension order, the Commission states that it has reasonable cause to believe that certain terms and conditions of the Regulation were not complied with by Skyskooter; that its offering circular is false and misleading in respect of certain material facts; and that the stock offering would violate Section 17(a) of the Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension order should be vacated or made permanent.

The alleged misrepresentations relate among other things to the status of the basic contract between Skyskooter and a predecessor company for acquisition of the latter's assets, property and business (including its interest in an autogyro aircraft), to be used by Skyskooter in the development and production of such aircraft; the death of the developer of the aircraft in a demonstration flight and the causes thereof, as well as the status of an application by the developer to the Federal Aviation Authority for certification of the aircraft as airworthy and the steps required to be taken to proceed with the development and modification of the aircraft in order to obtain FAA certification (and the cost thereof); the exact status of the design and development of the aircraft, its specifications and performance capabilities, and its essential characteristics in comparison with conventional aircraft and helicopters and its relative advantages and disadvantages; and the identity and interests of certain unnamed promoters and affiliates, the backgrounds of certain promoters and affiliates, and the existence and nature of an exclusive sales agreement with an undisclosed affiliated corporation which would limit Skyskooter's profits and divert profits to the affiliate (and the interest of certain promoters and affiliated persons therein).

M. J. REITER CO. ENJOINED. The SEC New York Regional Office announced June 24th (LR-2669) the entry of Federal court orders (USDC SDNY) enjoining Morris J. Reiter, doing business as M. J. Reiter & Co., formerly of 60 Wall St., New York, from violating the Securities Act registration and anti-fraud provisions in the sale of stock of Belmont Oil Corporation. Reiter consented to the court orders. The action remains pending as to defendants James B. Boren and Vince and Helen Schwenoha.

KUNZ AND MARCELIN ENJOINED. The SEC New York Regional Office announced June 24th (LR-2670) the entry of Federal court orders (USDC, Newark, N.J.) enjoining Florence Marcelin and Barbara Anne Kunz, both of Matawan, N. J., from further violations of the SEC net capital and bookkeeping rules under the Securities Exchange Act, and also enjoining Kunz from violating the anti-fraud provisions of that Act. The defendants, former officers of Sandkuhl & Company, Inc., of Newark, consented to the court judgments.

CORPORATE WORKING CAPITAL REPORT. The SEC reports (for June 28th newspapers) that the net working capital of U. S. corporations, excluding banks and insurance companies, rose by more than \$900 million in the first quarter of 1963 and at the end of March totaled \$144.9 billion. The first quarter rise compares with an increase of \$2.7 billion in the fourth quarter of 1962 and \$1.6 billion in the corresponding quarter of last year. The increase in corporate working capital in the first quarter of this year resulted from a gain of about \$1.8 billion in current assets, partly offset by a rise of \$900 million in current liabilities. *

NEW ENGLAND ELECTRIC SYSTEM RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-14903) authorizing New England Power Company, utility subsidiary of New England Electric System, Boston registered holding company, to sell to its industrial customer, Crocker, Burbank & Company, of Fitchburg, Mass. certain substation facilities at the original cost thereof (less accrued depreciation to the date of sale). The original cost of the facilities and the related accrued depreciation at at March 31, 1963 were reflected in New England Power's books at \$204,778 and \$53,311, respectively.

ABRAHAM ROWITZ SENTENCED. The SEC Chicago Regional Office announced June 25 (LR-2671) that Abraham Rowitz, formerly of Skokie, Ill., was sentenced (USDC, SD, Calif.) to two years in prison, which sentence was suspended and Rowitz was placed on probation for five years (on condition he make restitution as determined by the Probation Office), following his plea of guilty to indictments returned in Federal Courts in Illinois and New York charging him with violations of the Securities Act anti-fraud provisions.

*For further details see Stat. Release No. 1911.

OVER

INVESTORS SYNDICATE OF AMERICA FILES FOR OFFERING. Investors Syndicate of America, Inc., Investors Building, Minneapolis, filed a registration statement (File 2-21526) with the SEC on June 26 seeking registration of \$10,000,000 of Series E Fully Paid Face-Amount Certificates.

ASSOCIATED OIL & GAS PROPOSES OFFERING. Associated Oil & Gas Co., 3703 Yoakum Blvd., Houston, filed a registration statement (File 2-21524) with the SEC on June 26th seeking registration of \$7,600,000 of Convertible Subordinated Debentures due July 1, 1975, of which \$6,600,000 are to be offered for public sale at 100% of principal amount through underwriters headed by Allen & Company, 30 Broad St., New York. The interest rate and underwriting terms are to be supplied by amendment. The company proposes to offer the remaining \$1,000,000 of debentures to holders of 6½% Subordinated Convertible Debentures due 1971. In addition, the statement covers 53,700 common shares to be offered to holders of common stock purchase warrants of Long Mile Rubber Corporation.

Associated is primarily engaged in the acquisition, exploration and development of oil and gas properties, the production and sale of oil and gas and related activities; and, through a subsidiary, it also is engaged in the pipeline construction business. It recently contracted to purchase business and assets of Long Mile Rubber in consideration of (i) the payment by the company of \$7,750,000 and 600,000 shares of its common stock and (ii) the assumption of all debts, obligations, contracts and liabilities of Long Mile Rubber. Of the net proceeds from the debenture sale, \$453,579 will be used to retire \$450,575 of 4% income debentures of Long Mile Rubber assumed by the company; \$1,609,000 to retire \$1,500,000 of 6% sinking fund subordinated debentures of Long Mile Rubber assumed by the company; \$390,000 to retire \$381,000 of 5½% subordinated convertible debentures of the company; and the balance will be added to working capital. In addition to certain indebtedness, the company has outstanding 5,674,554 shares of capital stock, of which management officials as a group own 27.93%. Walter N. Maguire is board chairman and Walter L. Maguire is president.

BOWSER FILES THRIFT PLAN. Bowser, Inc., 400 West Madison St., Chicago, filed a registration statement (File 2-21527) with the SEC on June 26 seeking registration of \$90,000 of participations in its Employee Thrift Plan, and 15,000 common shares which may be acquired pursuant thereto.

EAGLE'S NEST MOUNTAIN ESTATES FILES FINANCING PLAN AND SECONDARY. Eagle's Nest Mountain Estates, Inc., 2042 South Atlantic Ave., P. O. Box 7197, Daytona Beach, Fla., filed a registration statement (File 2-21528) with the SEC on June 26th seeking registration of \$400,000 of 8% subordinated convertible debentures due 1983, to be offered for public sale by the company, and 400,000 shares of common stock, of which 300,000 shares are to be offered by the company and 100,000 shares, being outstanding stock, by the holders thereof. The \$400,000 of debentures and 400,000 common shares are to be offered in units consisting of one \$100 debenture and 100 shares. The offering will be made at \$350 per unit on a best efforts basis by Alpha Investment Securities, Inc., 11 Pryor St., S. W., Atlanta, Ga., which will receive a \$45 per unit selling commission. The selling stockholders will collectively receive \$51.25 of the proceeds of the sale of each unit which represents their proportionate share of the proceeds of the sale of the 100,000 shares to be offered by them. The statement also includes 600,000 outstanding common shares presently owned by the company's stockholders.

The company was organized in 1959 to engage in the development and improvement of a 781 acre tract in Haywood County, N.C., known as Eagle's Nest Mountain. The company intends to sub-divide and develop the land, build houses under contract, or as a speculative venture for sales to purchasers. It also intends to construct and operate a motor lodge and restaurant and develop an amusement complex which will include a pool, horse stables, riding ring, tennis courts, ice skating rink, putting green, ski lift, and other facilities which may prove appropriate. Of the \$982,610 estimated net proceeds from this financing, \$450,000 will be used to construct the motor lodge, \$129,758 to retire indebtedness incurred for part of the purchase price of one of the tracts of land included in the general tract and the construction and paving of a road, \$186,500 to construct and develop the amusement complex, \$197,000 for an additional 40 rooms in the lodge, and the balance for working capital. The company has outstanding 700,000 shares of common stock, of which William C. Satterthwaite, a director, F. Lovette West, president, and J. W. Boyd, vice president, own 35.18%, 21.8% and 12.95%, respectively. They propose to sell 50,260, 31,240 and 18,500 shares, respectively. (A previous registration statement filed by the company (File 2-21279), reported in the SEC News Digest of April 8, 1963, was withdrawn by the company on April 25, 1963.)

SECURITIES ACT REGISTRATIONS. Effective June 26: Belden Manufacturing Co. (File 2-21455); Brown & Sharpe Manufacturing Co. (File 2-21398); City Gas Company of Florida (File 2-21460); General Super Markets, Inc. (File 2-21442). Effective June 27: Automatique, Inc. (File 2-21366); National Uni-Pac, Inc. (File 2-20626); Vanadium Corporation of America (File 2-21466).
Withdrawn June 26: Vend Mart, Inc. (File 2-21027).