

# 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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FOR RELEASE March 30, 1965

**STOP ORDER SUSPENDS WHITE CAPS MINING.** In a "stop order" decision announced today (Release 33-4774), the SEC suspended a Securities Act registration statement covering 3,193,169 shares of common stock of White Caps Gold Mining Company, of Long Beach, Calif. Of this stock, 1,350,839 shares were to be offered for cash sale by the issuer (at 8¢ per share minimum); 1,100,000 shares were to be issued in exchange for some \$55,500 of company notes; and the remaining 742,330 shares (being outstanding stock) were to be offered in behalf of five selling stockholders. The company consented to issuance of the stop order. Upon the basis of a stipulated record, the Commission ruled that factual disclosures in the company's registration statement and prospectus were materially defective with respect (among other things) to the use of the proceeds of the proposed cash sale of stock by the issuer, the issuer's management, its sales of unregistered securities, and its business and properties -- thus rendering the statement and prospectus "materially false and misleading."

Organized in 1925 to take over the operations of the White Caps gold mine in Nye County, Nevada, the company since 1941 has had no appreciable production from the mine; and its activities in recent years have been of a developmental and exploratory nature. Gross mining revenues in 1962 amounted to \$3,330 received from the sale of "development ore," and gross receipts for 1963 consisted of royalty income in the amount of \$30. At December 31, 1963, assets were carried at \$872,522, of which \$618,561 represented "unrecovered promotional, exploratory and development costs."

According to the Commission's decision, the company's prospectus (among other things) "obscures the important fact" that the bulk of the proceeds of the issuer's cash sale of securities will be used to retire obligations already in existence, held in part by its president and by his predecessor in office. In fact, the sale of the entire issue "would still leave registrant unable to meet current obligations as they become due," and additional financing would be necessary to enable it to do so.

Moreover, the issuer had 720,353 outstanding common shares and 702 stockholders at the end of 1954, which had increased to 7,549,161 shares and over 2,000 shareholders at the end of 1963. None of these additional shares was registered; and the issuer concedes that an exemption from registration was not available for all shares sold subsequent to 1954. Full disclosure of the Securities Act violations resulting from the sale of unregistered securities, as well as the contingent liabilities arising therefrom, should have been made. In addition, the Commission ruled, in view of the admittedly speculative nature of the offering, "full and prominent disclosure of all the facts delineating the risk elements present was necessary," particularly with respect to the fact that the company's mill "had never been tested as to full operation" and as to the absence of any assurance that the mill would ever have any ore to process from issuer's properties.

**HEDGES PLEADS GUILTY.** The SEC Fort Worth Regional Office announced March 22 (LR-3176) that George Hedges, Jr., doing business as Hedges Drilling Co. of Independence, Ks., entered a plea of guilty (USDC Wichita) to charges of violating the registration and anti-fraud provisions of the Securities Act and the Mail Fraud Statute, in the sale of oil and gas leases located in Labette, Montgomery and Neosho Counties, Kansas.

**MICKELSEN SUCCEEDS ORBACH.** Chairman Manuel F. Cohen of the SEC today announced the promotion of Walter Mickelsen, Assistant Chief Accountant, Division of Corporation Finance, to the position of Chief Accountant of that Division. He succeeds Sidney C. Orbach, who recently retired.

Mr. Mickelsen was born in Portland, Oregon in 1910. He received a degree of Bachelor of Business Administration in 1933 from the University of Washington, where he was elected to Phi Beta Kappa and Beta Gamma Sigma. In 1942, he received his M.A. degree from George Washington University; and in 1944 he became a Certified Public Accountant in Virginia, having received the highest marks in the qualifying examinations.

Mr. Mickelsen served with the Reconstruction Finance Corporation from 1942 to 1947 and with the Department of the Air Force from 1955 to 1956. Except for those periods, Mr. Mickelsen has been associated with the Division of Corporation Finance since he joined the Commission's staff in March 1936. Thus, he has over 22 years' experience in the examination of financial statements and reports filed with the Commission under the Federal securities laws. He has served since July 1957 as the Division's Assistant Chief Accountant. Prior to joining the staff of the Commission, Mr. Mickelsen was employed by Price Waterhouse & Co. and Drumheller, Ehrlichman & White, an investment firm in Seattle, Washington.

Mr. Mickelsen and his wife, the former Mildred Sweeney, reside in Arlington, Virginia with their two children.

**"SWAP FUNDS" SEEK ORDERS.** Applications under the Investment Company Act have been filed with the Commission by the following companies, each seeking exemption from the requirement of Section 14(c) of the Act that no registered investment company shall make a public offering of securities of which it is the issuer unless it has a net worth of at least \$100,000: The First Hartford Exchange Fund, Inc., of New York City (Release IC-4203); Presidential Exchange Fund, Inc., of Boston (Release IC-4204); and General Exchange Fund, Inc., also of Boston (Release IC-4205). The Commission has issued orders giving interested persons until April 16th to request a hearing thereon. Each of the Funds proposes to offer its shares to investors in exchange for securities of other companies.

OVER

**DELAWARE POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15212) authorizing Delaware Power & Light Company, Wilmington, Del., to acquire from Philadelphia Electric Co. a 3.7% interest in an electric generating project known as the Keystone Generating Station, located near Johnstown, Pa.

**METROPOLITAN EDISON SEEKS ORDER.** Metropolitan Edison Company, Berks County, Pa., electric utility subsidiary of General Public Utilities Corporation, has applied to the SEC for an order under the Holding Company Act authorizing it to sell a maximum of \$20,800,000 of short-term notes to banks by April 30, 1966. The Commission has issued an order (Release 35-15214) giving interested persons until April 26 to request a hearing thereon. According to the application, the proceeds from the note sale will be used by the company to finance its construction program (estimated at \$23,400,000 in 1965) and to repay other short-term borrowings incurred for such purpose.

**MIDDLE SOUTH UTILITIES RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15213) authorizing Arkansas Power & Light Co., a public-utility subsidiary of Middle South Utilities, Inc., to sell, at competitive bidding, \$25,000,000 of first mortgage bonds, due 1995, and 75,000 shares of \$100 par, cumulative preferred stock. The order also authorized Arkansas to issue to Middle South an additional 240,000 shares of common stock aggregating \$3,000,000 in par value which amount will be transferred from Arkansas' earned surplus account to its common stock capital account. According to the application, Arkansas will apply the proceeds from the bond sale to its 1965 construction program (estimated at \$46,400,000) and to other corporate purposes, and will apply the proceeds from its preferred stock sale to the redemption and retirement of all 75,000 of its presently outstanding 5.48% series preferred shares.

**CONSOLIDATED NATURAL GAS RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15215) authorizing the merger of New York State Natural Gas Corporation into Hope Natural Gas Co., both wholly-owned subsidiaries of Consolidated Natural Gas Company. The application indicates that Hope (whose name will be changed to Consolidated Gas Supply Corporation) will be operated as an interstate gas supply company and will continue its wholesale and retail sales in West Virginia in the name of Hope Natural Gas Co., as a division of Consolidated Gas Supply Corporation.

**CALIFORNIA INTERSTATE TEL. PROPOSES OFFERING.** California Interstate Telephone Company, 16461 Mojave Dr., Victorville, Calif. 92392, filed a registration statement (File 2-23351) with the SEC on March 29 seeking registration of 160,000 shares of common stock. The shares are to be offered for public sale through underwriters headed by Blyth & Co., Inc., 629 S. Spring St., Los Angeles, Calif. 90014. The public offering price (\$40 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company will use a portion of the net proceeds from its stock sale (together with funds from a private sale of \$3,000,000 of its preferred stock) to reduce or discharge short-term bank loans estimated at \$8,000,000. The borrowings were incurred to finance a portion of the company's construction program. The balance of the proceeds will be used for construction purposes in 1965, such expenditures being estimated at \$17,228,800. In addition to indebtedness and preferred stock, the company has outstanding 1,074,552 common shares, of which management officials own 2,335 shares. Willard Wade is board chairman and president.

**GATEWAY SPORTING GOODS PROPOSES OFFERING.** Gateway Sporting Goods Company, 3177 Mercier St., Kansas City, Mo. 64111, filed a registration statement (File 2-23352) with the SEC on March 29 seeking registration of 100,000 shares of common stock. The shares are to be offered for public sale through underwriters headed by Francis I. duPont, A. C. Allyn, Inc., One Wall St., New York 10005, and Stern Brothers & Co., 1009-15 Baltimore Ave., Kansas City, Mo. 64105. The public offering price (\$16 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is principally a retail organization specializing in sporting goods, photographic equipment, toys, luggage and related recreational lines. Net proceeds from its stock sale will be added initially to the company's general funds, and it is expected that \$1,050,000 will be used in its 1965 expansion program (which will entail the opening of approximately 42 new departments). In addition to indebtedness, the company has outstanding 367,126 common and 169,300 Class B common shares, of which management officials and members of their families own 5.6% and 98%, respectively. Louis A. Cumonow is board chairman and Barney Goldberg is president.

**REINSURANCE INVESTMENT PROPOSES OFFERING.** Reinsurance Investment Company, Myers Bldg., Springfield, Ill., filed a registration statement (File 2-23353) with the SEC on March 29 seeking registration of 1,400,000 shares of Class A common stock. The shares are to be offered for public sale at \$3.50 per share on a best-efforts basis through Master Securities Co., 412 Commerce Bldg., Sioux City, Iowa, which will receive a \$.525-per-share selling commission.

Organized under Illinois law in 1963, the company engages in business as an insurance holding company. It presently owns substantially all of the outstanding common stock of Reinsurance Company of America, an Illinois life insurance company. The prospectus indicates that the company and its insurance subsidiary have operated at a loss since the company's organization and have a consolidated deficit as of December 31, 1964, of \$232,579. A portion of the net proceeds from the company's stock sale will be invested in the insurance company to enable it to expand its business, and the balance may be used to acquire control of an additional life insurance company or companies. The company has outstanding 529,600 Class A common and 529,600 Class B shares, of which management officials own .86% and 48.8%, respectively. At the time the company was organized, its officials and promoters as a group invested an aggregate of \$136,644 in 79,600 Class A common shares (\$1.70 per share) and 529,600 Class B shares (1/4¢ per share). Roy C. Dixon is president of the company.

**CHIEFTAIN DEVELOPMENT PROPOSES OFFERING.** Chieftain Development Co. Ltd., 10975 - 124 Street, Edmonton, Alberta, Canada, filed a registration statement (File 2-23355) with the SEC on March 29 seeking registration of 500,000 shares of common stock, to be offered for public sale through underwriters headed by Rauscher, Pierce & Co., Inc., 1200 Mercantile Dallas Bldg., Dallas, Tex. The public offering price (\$1.75 per share maximum\*) and underwriting terms are to be supplied by amendment. The registration statement also includes 189,604 common shares underlying outstanding warrants for the purchase thereof by December 30, 1965 at \$1 (Canadian) per share.

Organized under Canadian law in June 1964, the company is engaged in the acquisition of oil and gas reservations, permits and leasehold interests in Canada (primarily within the Province of Alberta) and in exploration thereof for the discovery of hydrocarbon substances. Its exploratory operations are performed jointly with Blue Crown Petroleum Ltd., of which the company owns approximately 43% of the outstanding capital stock. Net proceeds from the company's stock sale will be used in the further exploration of its properties and in the development of any hydrocarbon reserves that may be found; \$360,000 is to be used for exploratory drilling; and the balance will be used in the joint acquisition with Blue Crown Petroleum of additional oil and gas properties and for the company's general corporate purposes. The company has outstanding 1,529,624 common shares, of which 321,875 shares were issued in exchange for shares of subsidiaries, 828,541 to private investors at 50¢ (Canadian) per share, and 379,208 to private investors at \$1 (Canadian) per share. Management officials own 46% of the outstanding stock. S. A. Milner is president of the company.

**FAMILY LIFE INS. FILES FOR OFFERING AND SECONDARY.** Family Life Insurance Company, Republic Bldg., Seattle, Wash., filed a registration statement (File 2-23350) with the SEC on March 29 seeking registration of 50,000 shares of Class A common stock. Of this stock, 19,426 shares are to be offered for public sale by the company and 30,574 shares (being outstanding stock) by the present holders thereof. Kidder, Peabody & Co. Inc., 20 Exchange Pl., New York 10005, and Pacific Northwest Co., 1000 Second Ave., Seattle, Wash., 98104, are listed as the principal underwriters. The public offering price (\$95 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the sale of mortgage cancellation and mortgage payment insurance. Net proceeds from its sale of additional stock will be used in the conduct of the company's business. The company has outstanding 360,814 Class A common and 119,760 common shares, of which management officials own 22.3% and 43.5%, respectively. Included among the selling stockholders are Grant B. Culley, Jr., and Suzanne L. Culley, offering an aggregate of 5,000 of 9,888 shares held; Roderick G. LaFollette (senior vice president) and Dorothy LaFollette, an aggregate of 3,000 of 13,362; and Thomas A. LaFollette (president) and Helen J. LaFollette, a total of 8,500 of 30,000. The remaining selling stockholders are offering shares ranging in amounts from 70 to 2,000.

**OLYMPIC LIFE INS. PROPOSES OFFERING.** Olympic Life Insurance Company, 2400 Continental National Bank Bldg., Fort Worth, Tex., filed a registration statement (File 2-23356) with the SEC on March 29 seeking registration of 125,000 shares of common stock, to be offered at \$1 per share pursuant to the company's Incentive Options for Insurance Agents.

Organized under Texas law in 1964, the company is engaged in the business of writing life insurance. Net proceeds upon the exercise of said options will be used in the conduct of its business. The company has outstanding 1,320,646 common shares. William R. Bagg is board chairman and president.

**SCIENTIFIC DATA FILES STOCK PLANS.** Scientific Data Systems, Inc., 1649 Seventeenth St., Santa Monica, Calif., filed a registration statement (File 2-22357) with the SEC on March 29 seeking registration of 213,251 shares of common stock, to be offered under the company's 1964 and 1965 Qualified Stock Option Plans, 1963 Restricted Stock Option Plan, and Restricted Stock Option Plan.

**GENERAL ELECTRIC FILES STOCK PLAN.** General Electric Company, 1 River Rd., Schenectady, N. Y., 12305, filed a registration statement (File 2-23358) with the SEC on March 29 seeking registration of 1,500,000 shares of common stock, to be offered pursuant to the General Electric Savings and Security Program.

**REPUBLIC INVESTORS LIFE INS. SHARES IN RESCISSION OFFER.** Republic Investors Life Insurance Company, John F. Kennedy Dr. and 42nd Ave., East Moline, Ill., filed a registration statement (File 2-23359) with the SEC on March 29 seeking registration of 159,872 outstanding shares of common stock. According to the prospectus, such shares were sold during the period November 1961 to November 1962 by Quad-City Securities Corp., at prices ranging from \$4.25 to \$10.85 per share (about 133,568 were sold at \$6.50 per share). Quad-City was then owned by Glen A. Jordan, Julius M. Lytton, John K. Shamburger and Earl Hudgens; and some 121,500 of the shares had been acquired directly from Jordan, Lytton, Shamburger and Hudgens and the balance from other shareholders. Jordan is board chairman of the issuer and Lytton and Shamburger are vice presidents and directors. Company counsel has advised that the sale of these shares by Quad-City may have violated the Securities Act registration requirements. Accordingly, the shares are being registered for the purpose of permitting Jordan, Lytton and Shamburger to make a rescission offer to the purchasers thereof. The three individuals offer to the purchasers of the 159,872 shares to repay and refund the entire purchase price paid for such shares together with interest at 5% per annum from the date of purchase.

Organized under Illinois law in 1960, the company sells individual non-participating life insurance. In June 1964, it purchased for \$800,000 approximately 98% of the common stock of Sterling Life Insurance Company, a company engaged in life insurance sales in Colorado. The company has outstanding 4,616,273 common shares, of which management officials own 10.9%. Milo M. Adleman is president.

**UNION CARBIDE FILES STOCK PLAN.** Union Carbide Corporation, 270 Park Ave., New York 10017, filed a registration statement (File 2-23360) with the SEC on March 29 seeking registration of \$32,000,000 of interests or participations in The Savings Plan for Employees of Union Carbide Corporation and United States Subsidiary Companies, together with 40,000 shares of capital stock that may be acquired thereunder.

CENTRAL ILLINOIS LIGHT FILES STOCK PLAN. Central Illinois Light Company, 300 Liberty St., Peoria, Ill 61602, filed a registration statement (File 2-23373) with the SEC on March 30 seeking registration of \$1,242,000 of participations in its Employees' Savings Plan, together with 38,812 shares of common stock that may be acquired pursuant thereto.

CIVIC FINANCE FILES EXCHANGE PROPOSAL. Civic Finance Corporation, 530 N. Water St., Milwaukee, Wisc. 53202, filed a registration statement (File 2-23354) with the SEC on March 29 seeking registration of 100,000 shares of 5 $\frac{1}{4}$ % cumulative preference stock. The shares are to be offered in exchange for common stock of Indiana-Michigan Corporation, in the ratio of one company share for each 6.39 common shares of Indiana-Michigan. Consummation of the exchange is conditional upon the tender of at least 517,500 (90%) of Indiana-Michigan's outstanding shares pursuant to the exchange offer. The registration statement also includes 6,540 shares of common stock that underlie outstanding purchase warrants.

The company is engaged in commercial financing. Indiana-Michigan's activities include leasing transportation, marine, printing and other equipment. In addition to indebtedness and preferred stock, the company has outstanding 276,759 common shares, of which management officials own approximately 33%. Gerald H. Nickel is president of the company.

CORRECTION RE WASHINGTON WATER POWER. The last date for the filing of requests for hearing upon the application under the Trust Indenture Act filed by Washington Water Power Company, referred to in the SEC News Digest of March 29th, is April 19th (not April 21, as stated in the Digest).

NEW REGISTRATIONS OF O/C COMPANIES: Alco Chemical Corp., Philadelphia, Pa. (File 0-107); Cross Co., Fraser, Mich. (File 0-115); Furman-Wolfson Corp., New York, N. Y. (File 0-106); Instrument Systems Corp., Long Island, N. Y. (File 0-116); Super Market Distributors, Inc., Boston, Mass. (File 0-117); Trenton Foods, Inc., Kansas City, Mo. (File 0-118).

SECURITIES ACT REGISTRATIONS. Effective March 29: Southwest Gas Corp. (File 2-23253); Union Electric Co. (File 2-23262). Withdrawn March 30: American Investors Life Insurance Company, Inc. (File 2-23296). Effective March 30: Arkansas Power & Light Co., 2-23185 (40 days); Joslyn Mfg. and Supply Co., 2-23250 (May 9); Ozon Products, Inc., 2-23049 (90 days); J. P. Stevens & Co. Inc., 2-23247 (May 10); Martha White Mills, Inc., 2-23202 (June 29).

NOTE TO DEALERS. The last date or the period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

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

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