

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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PROCEEDINGS RE PAULINE ZIPPERMAN. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether provisions of the Federal securities laws have been violated by Pauline Zipperman, a sole proprietor doing business as German American Trading Company, 205 East 85th Street, New York City, and, if so, whether her broker-dealer registration should be revoked.

According to the Commission's order, Pauline Zipperman has been registered as a broker-dealer since April 1952 and Albert Raymond Kevet is general manager. The order provides an opportunity for hearing, at a time and place later to be determined, upon the question of whether or not Zipperman and Kevet, during the period October 26 to December 3, 1959, (1) offered and sold stock of American States Oil Co. in violation of the Securities Act registration requirement and (2) failed to make and keep current certain books and records as required by Commission rules.

BUNDY ELECTRONICS FILES FOR STOCK OFFERING. Bundy Electronics Corporation, 171 Fabyan Place, Newark, N. J., filed a registration statement (File 2-18723) with the SEC on August 22nd seeking registration of 100,000 shares of common stock, to be offered for public sale at \$4 per share. The offering will be made through underwriters headed by Bruno-Lenchner, Inc. and Harry Odzer Company, which will receive a 50¢ per commission and \$15,000 for expenses. The registration statement also includes (1) 10,000 shares to be sold to the principal underwriters at 10¢ per share, and (2) 5,000 shares to be sold at 10¢ per share and 7,500 shares which underlie five-year warrants, exercisable initially at \$4.40 per share, to be sold at 1¢ per warrant to Seymour Weiner, finder, and Fisher, Gleiberman & Fzrine, counsel for the underwriters.

The company is engaged in the design, development, manufacture and sale of toroidal inductors, toroidal transformers, precision electronic filters and specialized components and devices intended and designed for use in space and earth communication, telemetry systems and missiles and satellites. In addition, it designs and manufactures for one concern a line of completely automatic emergency lighting equipment. The estimated \$305,000 net proceeds from the stock sale will be applied to the moving expenses incident to the company's proposed new leasehold premises in Springfield, N.J., acquisition of equipment, payment of accrued income tax liability and other indebtedness, retention and training of additional sales representatives and increased advertising, research and development costs, and for additional working capital.

The company has outstanding 195,000 shares of common stock (after giving effect to a 1,950-for-1 stock split on August 22, 1961), of which Harry B. Schwartz, president, and Joseph Klein, executive vice president, own 48.4% each. Such outstanding shares have a current book value of 25¢ per share and, after the sale of new shares, will have a book value of \$1.15 per share. After the sale, the existing stockholders and underwriters will have 67.8% of the voting power and will have a book equity of \$242,527 and as opposed to present equity of \$52,710, the public will have a book equity of \$115,183 for an aggregate investment of \$400,000 and will obtain 32.2% of the voting power.

UNION ROCK & MATERIALS FILES FOR SECONDARY. Union Rock & Materials Corporation, 2800 S. Central Ave., Phoenix, Ariz., filed a registration statement (File 2-18724) with the SEC on August 22nd seeking registration of 160,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by William R. Staats & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company (formerly Bentson Contracting Company, Inc.) operates through the Materials Division, which produces sand, crushed rock and asphaltic and transit-mix concrete which it sells in certain areas of Maricopa County, Ariz.; and the Contracting Division which is engaged in the paving contracting business, including the construction of roads, streets, highways and commercial parking areas, primarily in said County. In September 1961 Union Rock & Materials Company, Inc., a wholly owned subsidiary, will be dissolved and all of its assets transferred to the company.

Pursuant to a recapitalization in August 1961 all common shareholders of the company other than Kenneth G. Bentson, board chairman and president, and Eleanor Bentson, will exchange all of their shares for new common shares of the company. The ratio of exchange will be 34 new shares for each share held. The Bentsons will be issued stock in the same ratio, receiving the entire authorized issues of 175,000 shares of common Class A and 168,400 new common shares (out of a total of 274,140 shares to be outstanding). The Bentsons propose to sell the 160,000 common shares. After the sale, Bentson and members of his family will hold 55.2% of the total outstanding shares of both classes.

W.J.B. ENTERPRISES FILES FOR SECONDARY. W.J.B. Enterprises, Inc., whose name is to be changed to The William J. Burns International Detective Agency, Inc., of 235 East 42nd Street, New York, filed a registration statement (File 2-18725) with the SEC on August 22nd seeking registration of 175,000 outstanding shares of Class A common stock, to be offered for public sale by the holders thereof through underwriters headed by Smith, Barney & Co. The public offering price and underwriting terms are to be supplied by amendment.

Organized under Delaware law on August 10, 1961, the company will succeed by merger to the business and properties of The William J. Burns International Detective Agency, Inc., a New York corporation formed in

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1947. It will engage in the business of furnishing protective services to industrial and commercial clients, principally by means of uniformed guards, and also provide other services including investigations, undercover operations and the furnishing of up-to-date information on the habits and characteristics of various types of criminals. As a result of the merger and a proposed recapitalization, the 3,480 outstanding capital shares of the New York corporation will be converted into 600,001 Class A and 60,000 Class B common shares of the Delaware corporation, all owned by members of the Burns family. Of the outstanding Class A shares, William J. Burns, a vice president, Raymond J. Burns, board chairman, W. Sherman Burns, president, and Dorothy Burns, own 99,310, 57,931, 78,621 and 78,621 shares, respectively, and propose to sell 28,965, 16,897, 22,931 and 22,931 shares, respectively. The prospectus lists 10 other selling stockholders who propose to sell amounts ranging from 6,035 to 14,482 shares. After such sale, members of the Burns family will own 73.5% of the total outstanding stock and 86.1% of the total general voting power.

MISSISSIPPI VALLEY GENERATING TO DISSOLVE. Mississippi Valley Generating Company, Birmingham, Ala., subsidiary of Middle South Utilities, Inc., and The Southern Company, has joined with the two parent companies in the filing of a proposal with the SEC under the Holding Company Act relating to certain actions incident to the liquidation and dissolution of the subsidiary ("MVG"); and the Commission has issued an order (Release 35-14451) giving interested persons until September 11th to request a hearing thereon.

Middle South and Southern own all the 11,000 outstanding shares of MVG. MVG was organized in July 1954 for the purpose of effectuating a program under which the two sponsoring parent companies would supply electric power to the U.S. Government acting by and through the Atomic Energy Commission; and it entered into a contract in November 1954 with AEC to construct a generating plant near West Memphis, Ark., to supply electric power to AEC. Following termination by the AEC, pursuant to direction of the President, of its power contract with MVG, the latter sued in the Court of Claims and obtained, on behalf of itself, the two sponsors, and other creditors, a judgment in the amount of \$1,867,545.56 as of November 4, 1955, the date of the petition in that action. Upon appeal, the U.S. Supreme Court reversed the judgment. The Court of Claims had allowed, exclusive of \$616,158.76 allowed to MVG itself, varying amounts to 16 creditors of MVG aggregating \$1,251,386.80, including \$565,028.02 to Ebasco Services, Inc., and lesser amounts to others, including several law firms.

Middle South and Southern propose to provide funds to MVG (in the proportion of 79% and 21%, respectively,) necessary to discharge all of MVG's liabilities in excess of its assets and to cause its liquidation and dissolution. According to the present application, since 1955 additional counsel fees and expenses have been incurred by MVG in the claimed amounts of \$562,420.65 and \$9,790.46, respectively, in connection with the aforesaid claims proceeding and the subsequent appeal. Thus the total of MVG's indebtedness, both that covered by the judgment of the Court of Claims and that incurred since that time, aggregate \$1,823,597.91. MVG's assets, consisting of cash, short-term Government obligations, and land (at cost), as of March 31, 1961, aggregate \$524,061.28. Accordingly, MVG lacks approximately \$1,300,000 of funds required to pay its creditors, not including the cost of this proceeding; and MVG is insolvent and will become bankrupt unless the Sponsors provide the funds required in excess of MVG's assets.

To protect the credit of the companies in their respective systems and the persons who extended credit to MVG in connection with its efforts to carry out the arrangements with AEC, Middle South and Southern propose, in accordance with their undertakings under the stock purchase agreement, in the proportions of 79% and 21%, respectively, to provide the funds necessary to pay all of MVG's creditors in full, by making payments directly to such creditors after the application of all available assets of MVG. Forthwith upon the liquidation of its assets and the payment of its indebtedness, MVG will be dissolved, in connection with which Middle South and Southern will surrender for cancellation and retirement the 11,000 shares of the MVG stock held by them.

EASTERN PROPERTIES IMPROVEMENT FILES FINANCING PLAN. Eastern Properties Improvement Corporation, 10 East 40th Street, New York, filed a registration statement (File 2-18/27) with the SEC on August 22nd seeking registration of (1) \$1,500,000 of subordinated debentures due 1981 (with attached five-year warrants to purchase an aggregate of 45,000 common shares), to be offered for public sale in \$1,000 debenture units (with warrants to purchase an unspecified number of shares at \$9.90 per share) at \$1,000 per unit, and (2) 250,000 shares of common stock, to be offered for public sale at \$10 per share. The offering will be made through underwriters headed by Woodcock, Moyer, Fricke & French, Inc., which will receive a \$1 per share commission on the common stock and \$80 per unit commission on the debentures. The interest on the debentures and a number of warrants included in the units are to be supplied by amendment. The registration statement also includes (1) 40,000 common shares which underlie like warrants sold to the principal underwriter at 10¢ each, and (2) 17,822 outstanding shares which may be offered for public sale by the holders thereof from time to time in the over-the-counter market at prevailing prices at the time of sale.

The company was organized under Delaware law in April 1961 for the purpose, among others, of dealing in and engaging in all phases of real estate activity, and has raised \$250,398 for working capital, through stock sales. It has acquired in exchange for common shares, all of the stock of nine subsidiary companies owning a housing and industrial park development in Sarasota County, Florida, and lands in Atlantic County, New Jersey, which it believes are suitable for similar development. The company has also contracted to acquire, simultaneously with the settlement of this offering, office building in Chicago and ten sites for Giant Stores, Inc. discount department stores to be located in the Southwestern United States, and in that transaction has agreed to issue certain common shares. As a result of these transactions, the company has outstanding or has contracted to issue up to 402,822 common shares to those who may be described as its organizers. Of the estimated \$3,509,000 net proceeds from this financing, \$1,250,000 will be used in the acquisition of the Chicago office building; \$600,000 to acquire the Giant Stores sites; \$245,000 for development of the Sarasota properties; \$150,000 for development of the Atlantic properties; \$65,000 for payment of a certain note; \$155,000 for engineering, land planning and overhead; and the balance for general corporate purposes.

In addition to certain indebtedness, the company has outstanding 277,822 shares of common stock, of which John E. Porte and Girard A. Colasurdo, vice presidents, and Clair F. Crisona own 8.95%, 9.99% and 8%, respectively. The prospectus lists 18 selling stockholders of the 17,822 shares, who purchased the stock from the company in June 1961 at \$9 per share and propose to offer same for public sale (in amounts ranging from 100 to 2,800 shares). Benjamin Kaufman is listed as board chairman and president.

ORBIT INDUSTRIES FILES FOR OFFERING AND SECONDARY. Orbit Industries, Inc., 213 Mill Street, N.E., Vienna, Va., filed a registration statement (File 2-18728) with the SEC on August 22nd seeking registration of 125,000 shares of common stock, to be offered for public sale at \$4 per share. The offering will be made on a best efforts basis by Hodgon & Co., Inc., which will receive 40¢ per share selling commission and \$12,500 for expenses. The registration statement also includes (1) 12,500 shares which underlie seven-year warrants to be sold to the underwriter at 1¢ each, exercisable at \$4 per share, and (2) 17,500 outstanding shares sold by the company in June 1961 at \$4 per share, which shares may be sold by the holders thereof from time to time privately or publicly in the over-the-counter market or any exchange in which they may be listed at prices not in excess of the prevailing prices at the time of sale.

The company was organized under Puerto Rico law in January 1960 as a successor to George W. Wall Company, a sole proprietorship founded in 1957. Its offices, research and development laboratories and manufacturing facilities are located in Vienna, Virginia. The company is engaged in research, development, engineering and manufacturing in the telephone electronics and related fields, its primary effort being research and development of a line of telephone electronic equipments. The company has also undertaken Government contracts for the military application of the electronic capabilities of the firm. It is planned to conduct the principal manufacturing activities of the company in Puerto Rico. The estimated \$432,500 net proceeds from the company's sale of additional stock will be applied to retirement of short term borrowings from banks; for additional test, plant and office equipment; for development of additional commercial telephone and oceanographic equipment, other items, and improvement of present products; for travel, sales and advertising expenses; and as additional working capital for general corporate purposes.

In addition to certain indebtedness, the company has outstanding 267,500 shares of common stock, of which Philip M. Hunt, executive vice president (and Ruth A. Hunt), Franklin C. Salisbury, board chairman, and George W. Wall, Jr., president (and Mary Jane Wall), own 18.69%, 20.56% and 29.91%, respectively. The prospectus lists seven selling stockholders who propose to sell amounts ranging from 1,000 to 5,000 shares, including Salisbury who proposes to sell 5,000 shares.

UNITED INDUSTRIAL TRADING BAN CONTINUED. The SEC has issued an order, under the Securities Exchange Act suspending trading in securities of United Industrial Corporation (Del.) on exchanges and the over-the-counter market for a further ten-day period August 24 to September 2, 1961, inclusive.

CANADIAN RESTRICTED LIST. The SEC has added National Telepix (Canada) Ltd., of Quebec, to its Canadian Restricted List, which now comprises the names of 257 Canadian companies whose securities recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

PAVELLE CORP. FILES FOR STOCK OFFERING. The Pavelle Corporation, Time & Life Bldg., Rockefeller Center, New York, filed a registration statement (File 2-18726) with the SEC on August 22nd seeking registration of 200,000 shares of common stock, to be offered for public sale through underwriters headed by Bear, Stearns & Co. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 10,000 shares which underlie five-year options to be sold to the principal underwriter at 10¢ each, exercisable at the public offering price. The prospectus states that the number of shares available for public sale will be reduced to the extent of (1) 20,000 shares being acquired by the underwriter and/or certain partners of the underwriter and members of their families, which shares may be re-offered for public sale from time to time in the over-the-counter market at prevailing prices, and (2) 120,000 shares which may be offered to management officials and other employees and certain other persons associated with the company, and to certain brokerage firms for their investment accounts.

The company was organized under New York law in July 1960 by The FR Corporation, Walter Scheuer, vice president, and Paul C. O'Neill, a director, to acquire their interest in an option to become the exclusive manufacturer and distributor in the Western Hemisphere of the products of what are now the company's English subsidiaries, and in an option to purchase all of the outstanding stock of said companies. The company, through its English subsidiaries, is presently engaged in research and development in the general field of color photography, the manufacture and sale of commercial color photographic processing equipment, the manufacture of photographic chemicals, and the sale of photographic color paper. To date, according to the prospectus, the operations of the company's English subsidiaries have resulted in losses due to research and development expenditures. Of the net proceeds from the stock sale, \$125,000 will be used (in addition to anticipated mortgage financing) to move and expand the company's present research, production and photo-finishing facilities in England; \$50,000 to increase productive capacity of organic photographic chemicals in England; \$25,000 to retire a debenture of a subsidiary; \$60,000 to repay a short term loan; and a substantial portion of the balance to increase facilities of and personnel engaged in the research and development program. The remainder will be added to working capital.

The company will have outstanding 600,000 shares of common stock (after giving effect to a proposed recapitalization whereby each of the 1,500 outstanding common shares will become 358,867 new common shares, and each of the 2,000 outstanding Class A preferred shares will become 20.6 new common shares), of which The FR Corporation, Leo Pavelle, board chairman, and Samuel Pavelle, president, will own 28.18%, 15.82% and 16.74%, respectively. In addition, Scheuer will own 39,496 shares and his wife will hold as trustee under certain trusts 160,140 shares. Lawrence R. and Victor J. Fink, company directors, own 26% each of The FR Corporation stock.