

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.

FOR RELEASE September 27, 1956

Securities Act Release No. 3693

The Securities and Exchange Commission today announced that, at the request of Apache Uranium Company, Las Vegas, Nevada, the Commission has scheduled a hearing for October 15, 1956, at 11:00 A. M., in Las Vegas (City Council Chambers, City Hall), to determine whether to vacate, or make permanent, the Commission's order of August 22, 1956, temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public stock offering by Apache.

In its notification filed December 27, 1955 pursuant to Regulation A, which provides a conditional exemption from registration under the Securities Act for offerings of securities not exceeding \$300,000 in amount, Apache proposed the public offering of 1,425,000 shares of its 1¢ par common capital stock at 7¢ per share, as well as an offer of rescission to persons who had previously purchased 4,695,500 shares of such stock for an aggregate of \$40,450.

The Commission's suspension order of August 22, 1956, asserted that there was reasonable ground to believe that the terms and conditions of Regulation A have not been complied with by Apache and that the offering circular included in the Regulation A notification for use in the offering and sale of Apache stock is false and misleading in respect of material facts. (For details, see Release No. 3681).

Securities Exchange Act Release No. 5368

The SEC today announced the issuance of a decision denying an application for broker-dealer registration filed by George W. Chilian, doing business as George W. Chilian & Company, St. Paul, Minn.

The Commission found that Chilian had sold stock of various Canadian companies to United States residents in violation of the registration and disclosure requirements of the Securities Act of 1933 and that it was in the public interest that his application for registration as a broker-dealer be denied.

"Among the issues in which applicant effected transactions for his customers," the Commission's decision stated, "was the capital stock of New Metalore Mining Company, Ltd., a Canadian mining company. Applicant admits and we find that during the period from May 2 to July 5, 1955, he knowingly participated in the distribution of over a quarter million of these shares of Metalore stock, and sold shares directly from the underwriters. He bought and sold to at least 96 individual customers residing in Michigan, Illinois, Iowa, Minnesota, Missouri, Wisconsin, New York and

Indiana a total of 290,000 shares of Metalore stock. At the time that he effected these transactions no registration statement under the Securities Act was in effect with respect to the Metalore stock. In addition, applicant purchased and sold 19,600 shares of other Canadian securities for customers residing in Minnesota.

"We find that in transacting interstate securities business without having registered as a broker-dealer with us applicant violated Section 15(a) of the Exchange Act, and that in buying, selling and delivering Metalore stock when no registration statement was in effect as to it he violated Sections 5(a) (1) and (2) of the Securities Act."

Securities Act Release No. 3694

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

Apex Uranium, Inc., Denver, Colo.

The Regulation A notification filed by Apex on April 5, 1954, proposed the public offering of 400,000 shares of common stock at 10¢ per share, as well as an offer of rescission in respect of 1,375,000 shares previously sold at 1¢ per share

Mr. Petroleum, Inc., Denver, Colo.

The Regulation A notification filed by Mr. Petroleum on July 23, 1953, proposed the public offering of 500, ~~000~~ shares of 6% preferred stock at \$100 per share

Realty Mortgage Co., Denver, Colo.

The Regulation A notification filed by Realty Mortgage on July 22, 1954, proposed the public offering of 1,800 shares of preferred stock at \$25 per share and 199 shares of common stock at \$25 per share

San Fernando Valley Uranium, Inc., Las Vegas, Nevada

The Regulation A notification filed by San Fernando Valley Uranium on July 16, 1954, proposed the public offering of 44,185 shares of common stock at \$1 per share

Regulation A provides a conditional exemption from registration under the Securities Act for public offerings of securities not exceeding \$300,000 in amount. One of such conditions is a requirement that the issuer file reports with the Commission semi-annually after commencement of the offering giving the facts with respect to the number of shares sold, proceeds received, and application of the proceeds. In the four suspension orders, the Commission asserts that the respective issuers failed to file such reports.

With respect to Apex, the Commission's order further asserts that that company's notification and offering circular are false and misleading in listing 718 Majestic Building, Denver, as the issuer's address and Carroll, Kirchner & Jaquith, Inc., Patterson Building, Denver, as the underwriter, when in fact the listed address is not the address of the issuer and Carroll, Kirchner & Jaquith, Inc., is no longer in existence.

Similarly, in the case of Mr. Petroleum, the Commission's order also asserts that its notification and offering circular are false and misleading in stating that Joe Scott Reynolds is secretary and a director of the company and omitting to state that Reynolds resigned as secretary and director over two years ago and has had no association with the company since that time.

Each of the Commission's orders provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

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Scudder Stevens & Clark Common Stock Fund, Inc., Boston investment company, filed a registration statement (File 2-12811) with the SEC on September 26, 1956, seeking registration of 150,000 shares of capital stock.

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Scudder Stevens & Clark Fund, Inc., Boston investment company, filed a registration statement (File 2-12812) with the SEC on September 26, 1956, seeking registration of 200,000 shares of capital stock.

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Christiana Oil Corporation, Beverly Hills, Calif., filed a registration statement (File 2-12813) with the SEC on September 26, 1956, seeking registration of 400,000 shares of its \$1 par Common Stock, to be offered for public sale through an underwriting group headed by Laird & Company, Corporation and Model, Roland & Stone. The initial public offering price will be a fixed price related to the then current market price for the stock on the American Stock Exchange. The underwriting terms are to be supplied by amendment.

Net proceeds of the financing are to be applied to the payment of short-term bank loans, which at September 1, 1956, amounted to \$2,500,000 plus accrued interest; and the balance will be added to the company's general funds. The bank loans were incurred in connection with the company's acquisition of an interest in certain real property in Los Angeles County from Bartholomae Corporation of California, together with certain oil and gas properties and rights. A 40% interest in these properties was acquired by Christiana, the remaining 60% interest being acquired by Capital Company, a subsidiary of Transamerica Corporation. The purchase price was \$8,247,600 for the real estate and \$2,102,400 for the oil properties, of which Christiana paid \$3,299,040 for the real estate and \$840,960 for the oil properties.

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Miami Window Corporation, Hialeah, Fla., filed a registration statement (File 2-12814) with the SEC on September 26, 1956, seeking registration of \$750,000 of Ten Year 6% Convertible Sinking Fund Debentures, due November 1, 1966, and 150,000 shares of its 50¢ par Common Stock. The securities are to be offered for public sale through a group of underwriters headed by Arthur M. Krensky & Co., Inc. The offering price of the debentures is to be 98½% of principal amount, with a 9-3/4% commission to the underwriters; and the offering price of the common stock is to

be \$2.50 per share, with a .37½¢ per share commission to the underwriters. The underwriters are to pay a \$13,000 fee to Floyd D. Cerf Jr. Company Incorporated for advice and financial services in securing, planning and arranging the financing.

The company and four wholly-owned subsidiaries manufacture and sell aluminum-frame awning type windows, projected windows, curtain walls, jalousie doors and windows, screens and storm sashes. Net proceeds of the financing, estimated at \$950,000, are to be used as follows: \$400,000 to carry accounts receivable and permit the liquidation of funds borrowed on assignment of accounts receivable; \$200,000 for the purchase of additional machinery and equipment for the production of the company's products; \$35,000 to reimburse Sidney G. Kusworm, Jr., Scott Drummond and Joe Creel (officers and directors of the company) for their equities in a transaction executed in 1952 whereby 200 shares of then common stock of the company and incidental assets were acquired for \$250,000, of which \$50,000 was paid in cash and the balance by a note payable at the rate of \$3500 per month. The company assumed payments due on the purchase, amounting to \$78,675.51 on June 30, 1956, of which \$44,416.25 was owed to the original seller and the balance to Kusworm, Creel, and Drummond, who were original purchasers or assignees. The balance of the proceeds will be used for general corporate purposes, including inventory and accounts receivable, payments of indebtedness, and general working capital.

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American Petrofina, Incorporated, New York, filed a registration statement (File 2-12815) with the SEC on September 26, 1956, seeking registration of 1,049,820 shares of its \$1 par Class A Common Stock, of which 50,000 shares are to be offered to directors, officers and employees.

The 999,820 shares are to be offered for subscription by holders of its outstanding Class A common and Class B common at the rate of 1 share of Class A stock for each 4 shares of Class A or Class B common held of record October 10, 1955. The subscription price and underwriting terms are to be supplied by amendment. White, Weld & Co., Blyth & Co., Inc., and Hemphill, Noyes & Co. are named as the principal underwriters.

American Petrofina was organized in April 1956 by Belgian Petrofina (Compagnie Financiere Belge des Petroles, "Petrofina," S.A., of Belgium). The latter assigned to American Petrofina its rights and obligations under a contract with Panhandle Oil Corporation which provided, among other things, for the purchase by Belgian Petrofina from Panhandle of 600,000 shares of the authorized unissued Common Stock of Panhandle for \$11.25 a share net to Panhandle and the granting to Belgian Petrofina of three-year option warrants to purchase an additional 257,030 shares at the same price. On May 10, 1956, American Petrofina purchased the 600,000 shares and received the option warrants for 257,030 shares pursuant to the contract. Subsequently it received an additional 18,000 shares of Panhandle common as its share of a 3% stock dividend. Under a pending proposal for merger of Panhandle into American Petrofina, the 618,000 shares of Panhandle common and the warrants covering the 207,030 shares are to be cancelled; and the 1,817,906 remaining shares of outstanding Panhandle common are to be converted into 2,363,278 shares of Class A common of American Petrofina, on the basis of 1.3 shares of Class A common for each share of Panhar

common. Immediately prior to such merger, American Petrofina had outstanding \$9,640,000 of 3½% Subordinated Convertible Debentures, 636,000 shares of Class A common, and 1,000 shares of Class B common. Belgian Petrofina owns 800,000 shares (80%) and Canadian Petrofina (Canadian Petrofina Limited) 200,000 shares (20%) of the Class B stock; and Belgian Petrofina also owns 600,000 shares of the presently outstanding Class A common. Upon completion of the current financing and the exercise by Belgian Petrofina of rights to purchase 400,000 shares of Additional Class A common, it will own 1,000,000 shares (24.7%) and Canadian Petrofina will own no shares of the Class A common stock. (Belgian Petrofina will exercise its own rights to 350,000 shares and Canadian Petrofina's rights to 50,000 shares of the additional Class A stock. Belgian Petrofina has advised American Petrofina that it intends to offer to stockholders and employees of Belgian Petrofina and Canadian Petrofina all the 1,000,000 shares of Class A stock held and to be so acquired by it. Neither the time when nor the terms upon which such offering may be made have been determined, but it is expected that no such offer will be made in the United States earlier than February, 1957.

Net proceeds of the financing by American Petrofina are to be added to the general funds of the company. According to the prospectus, it is impossible at this stage of development of the company's business to allocate any part of such proceeds to any particular purpose. In addition to the operation of the business and properties of Panhandle acquired upon the merger, American Petrofina's general funds will be available for and are expected to be employed in the acquisition of other oil properties, the expansion of exploration and development activities, and the building up of the refining and marketing phases of the business.

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Commonwealth Edison Company (Chicago) today filed a registration statement (File 2-12816) with the SEC seeking registration of 400,000 shares of Cumulative Preferred Stock, \$100 par, to be offered for public sale through an underwriting group headed by The First Boston Corporation and Glore, Forgan & Co. The dividend rate, public offering price and underwriting terms are to be supplied by amendment. Net proceeds of the financing will be added to working capital for ultimate application toward the cost of gross additions to the electric utility properties of the company and its subsidiaries. The new preferred stock represents the company's first nonconvertible preferred stock financing. The construction program for the four-year period 1956-1959, as now scheduled, calls for expenditure of approximately \$600,000,000 for property additions, as follows: \$140,000,000 in 1956; \$180,000,000 in 1957; \$160,000,000 in 1958; and \$120,000,000 in 1959.

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Pyramid Productions, Inc., New York, today filed a registration statement (File 2-12817) with the SEC seeking registration of 220,000 shares of its \$1 par Common Stock. The company proposes to make a public offering of 200,000 of such shares at \$5 per share. The offering is to be made on a best efforts basis by E. L. Aaron & Co., for which it will receive a selling commission of 75¢ per share. The company also has agreed to pay the underwriter 30¢ per share of the first 100,000 shares sold, for certain expenses of the offering, and to sell to the underwriter 1 additional share for each 10 shares sold to the public, for which the purchase price to the underwriter is to be 5¢ per share. The principal stockholders of the company have agreed to pay 15,000 shares to Arthur Sommerfield as a finders fee.

Organized in 1952 under the name Prockter Television Enterprises Inc., the company is generally engaged in the business of creating, developing, packaging and producing life and filmed shows and programs primarily for television releases, and also for theatrical distribution in many branches of the entertainment industry. Net proceeds of the common stock financing will be used to retire \$125,000 of outstanding 15% Debentures as well as a \$173,179.67 indebtedness to Trans-Union Productions, Inc., an affiliate. The company believes that, following the sale of the common shares, it will be in a more favorable position to obtain financial arrangements for its production programs. The balance of the proceeds will be added to working capital.

The company also has outstanding \$423,175 of bank notes and 190,000 shares of common stock. Everett Rosenthal, Board Chairman, Leonard Loewinthan, President, and David A. Harris, Treasurer, each owns 40,750 shares (23%) of the presently outstanding common stock.

Holding Company Act Release No. 13268

The Columbia Gas System, Inc., has received SEC authorization to issue and sell, at competitive bidding, \$25,000,000 of Debentures, Series G, due 1981. Proceeds together with other funds will be applied to Columbia's 1956 construction program, involving total expenditures of \$73,000,000.

Holding Company Act Release No. 13269

Missouri Edison Company (Louisiana, Mo.) has received SEC authorization to make borrowings of not to exceed \$1,400,000 in the aggregate from The Boatman's National Bank of St. Louis. Proceeds of the borrowings, together with available cash, will be used to repay \$1,000,000 of outstanding notes and to finance its construction program.

Investment Company Act Release No. 2415

Alleghany Corporation and Murchison Brothers have applied to the SEC for an exemption order under the Investment Company Act with respect to the purchase by Murchison Brothers from Alleghany of 53,000 shares of non-voting Class A Common Stock of Investors Diversified Services, Inc., Minneapolis investment company; and the Commission has issued an order scheduling the application for hearing on October 10, 1956, at 10:00 A. M.

The only outstanding voting securities of IDS consist of 574,540.80 shares of common stock. Prior to the end of 1953, Alleghany owned 93.6% of such voting stock. Since December 31, 1953, Alleghany divested itself of presumptive control of IDS within the meaning of that term as defined in the Investment Company Act and Murchison Brothers obtained such control. Murchison Brothers is a co-partnership composed of John D. Murchison and Clint W. Murchison, Jr., of Dallas. Murchison Brothers now owns 28.8% of the outstanding voting common of IDS and Alleghany 24.6%. Under an agreement between Murchison Brothers and Alleghany dated August 15, 1956, Murchison Brothers proposes to acquire 53,000 shares of IDS Class A stock from Alleghany, for \$81 per share, or an aggregate of \$4,293,000, for which Murchison Brothers will deliver a

promissory note in that amount payable in five equal annual installments commencing one year from date thereof. The note is to be guaranteed by Clint W. Murchison, Sr., and collateralized by marketable securities with an equivalent, initial market value.

As additional consideration for the shares, Alleghany is to receive an amount equal to 20% of the excess of the net proceeds of any sale or other disposition of the collateral over its market value at the date of deposit of the collateral. So long as Alleghany owns at least 100,000 shares, in the aggregate, of the common stock and Class A stock of IDS, Alleghany will have a right of first refusal upon the sale or other disposition of 165,750 shares of common stock and 53,000 shares of Class A stock of IDS owned by Murchison Brothers; and so long as Alleghany owns at least 100,000 in the aggregate of such shares, Murchison Brothers at the request of Alleghany will use its best efforts to elect two nominees of Alleghany to the board of directors of IDS.

The application indicates that Alleghany will realize a profit on the sale of the Class A stock of about \$4,000,000 which may be used by it to offset tax loss carry-over in the amounts of \$2,433,143.42 which would otherwise expire December 31, 1956, and of \$1,803,731.45, which would otherwise expire December 31, 1957.

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Burndy Corporation, Norwalk, Conn., today filed a registration statement (File 2-12818) with the SEC seeking registration of 250,000 shares of its \$1 par Common Stock. The company proposes to make a public offering of 225,000 shares of the stock at \$10.25 per share through an underwriting group headed by Van Alstyne, Noel & Co., which will receive a commission of \$1 per share. The remaining 25,000 shares are to be offered for sale to employees of the company at \$9.25 per share, of which 4,000 shares are being issued by the company and 21,000 being sold by a selling stockholder, Burndy Library, Inc., a non-profit educational corporation.

The company is engaged in two major activities: The electric power and electrical construction industries and the electrical components field. Net proceeds of the financing, estimated at approximately \$2,075,000, will be added to general funds to be available for general corporate purposes. Substantial portions of the funds will be utilized to finance expansion of manufacturing facilities and the acquisition of additional machinery and equipment for these additional facilities. Approximately \$1,675,000 may be required for this program, which includes the construction and equipping of new plants and additions to plants. \$250,000 may be used for a temporary loan to Burndy Canada Ltd., a wholly-owned subsidiary, for construction of a new plant, expected to cost approximately \$600,000. Approximately \$400,000 is expected to be allocated for the development of new product lines. Any excess of the proceeds will be used for working capital.

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United States Air Conditioning Corporation, Philadelphia, today filed a registration statement (File 2-12819) with the SEC seeking registration of 600,000 shares of its 10¢ par Common Stock. The stock is to be offered for public sale by Mortimer Burnside & Co., Inc. The underwriter has agreed to purchase 100,000 common shares

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from the company at the "market price" at the effective date of the registration statement, less 20%; and the underwriter will make two separate and distinct offerings of the 100,000 shares. The first 50,000 shares will be offered to employees of the company and to distributors and dealers in the company's products at the underwriter's cost, plus $6\frac{1}{4}$ cents. The other 50,000 shares, plus any unsold portion of the first 50,000 shares, will be offered for sale by the underwriter from time to time on the American Stock Exchange or over-the-counter at the market price prevailing at the time of sale.

The company also has granted the underwriter options to acquire 500,000 additional common shares. After the aforesaid 100,000 shares have been sold by the underwriter, it intends to offer shares of such optioned stock for sale at the market price prevailing at the time of sale. The option price to the underwriter as to the first 300,000 shares is the market price on the effective date of the registration statement, less $17\frac{1}{2}\%$, and for the remaining 200,000 shares, less 20%.

Under a separate prospectus dated May 4, 1954, the company is currently offering 250,000 common shares to holders of common stock purchase warrants, the subscription price under these warrants being \$3.0625 per share.

The company is engaged in the manufacture and sale of a diversified line of cooling, heating, ventilating, air conditioning and related equipment. According to the prospectus, it has operated at a substantial loss in each of its fiscal years, 1954 and 1955, and also has operated at a loss in the first nine months of the current fiscal year ended July 31, 1956. The company's consolidated operations showed a loss of \$230,420 for such nine months period, compared to \$376,484 for the similar period in 1955. All of the net proceeds of the sale of common stock will be added to the company's general corporate funds so as to improve its working capital position which was affected by the move to Philadelphia and the acquisition of the Floral City Heating Company, Monroe, Michigan, and the Jordon Refrigerator Co., of Philadelphia.

Until July 1956 the company's operations were conducted in the Minneapolis-St. Paul area. It sold its Minneapolis-St. Paul Plant for a total price of \$450,000, and moved its plant to Philadelphia, which is believed closer to its principal markets and suppliers. At this location it occupies a modern, well-equipped plant which it leased in connection with the acquisition of Jordon, manufacturer of food freezers.

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