

# 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. 64-8-17)

FOR RELEASE August 26, 1964

**EDELSTEIN CO. REGISTRATION REVOKED; ISTHMUS STEAMSHIP SUSPENSION MADE PERMANENT.** The SEC today announced a decision (1) making permanent its prior order temporarily suspending a Regulation A exemption from Securities Act registration with respect to a public offering of common stock by Isthmus Steamship & Salvage Co., Inc. (Release 33-4716); and (2) revoking the broker-dealer registration of Robert Edelstein Co., Inc., 15 William St., New York, for violations of the anti-fraud provisions of the Federal securities laws in the sale of Isthmus Steamship stock; and (3) expelling Edelstein Co. from NASD membership (Release 33-4716). Robert Edelstein, president, and Morris Estreicher, then in charge of Edelstein Co.'s branch office in Pottstown, Pa., were each found to be a cause of the revocation order.

Isthmus Steamship had been organized in 1956 to engage in the business of salvaging the cargoes of sunken ships, its president and principal stockholder being Robert J. Stefanich. In 1958 it commenced a public offering of 150,000 common shares at \$2 per share pursuant to a Regulation A exemption from registration. It was stated in the offering circular that the S. S. Bayard, which was sunk off the Louisiana coast in July 1942 and the salvage rights to which were owned by Isthmus Steamship, carried "copper wire, copper tubing, slab zinc, nickel, sheet brass and other salvageable materials" having an estimated "maximum delivered market value . . . in excess of \$2,000,000." This was in direct conflict with the ship's manifest, which stated that the cargo consisted primarily of perishable goods. While the truth of the statements contained in the manifest was not established, "its very existence," the Commission stated, "casts serious doubt upon the affirmative representations contained in the offering circular. This apparent conflict clearly should have been disclosed to prospective investors in the offering circular."

In May 1959 after only 3,088 shares had been sold, Edelstein Co. became the "best-efforts" underwriter in the sale of the remaining 146,912 shares. During the summer of 1959 it sold 145,000 shares at the \$2 per share offering price (30,000 by Estreicher), the balance of the offering being withdrawn. Later in 1959 Edelstein Co. offered and sold Isthmus Steamship shares in the over-the-counter market at prices ranging from \$3 to \$3.87 per share. According to the Commission's decision, "fraudulent representations" were made by Edelstein Co. salesmen in over-the-counter sales of Isthmus Steamship stock, including statements and predictions concerning the safety of an investment in and future market price of such stock which had no reasonable basis in fact. A favorable comparison of the stock with another established company whose stock had experienced a dramatic price rise was "patently fraudulent," the Commission stated. The Commission also ruled that Edelstein did not fulfill his duty as an underwriter to exercise care, reasonable under all the circumstances, to satisfy himself as to the adequacy and accuracy of the Isthmus Steamship offering circular.

**ROBERT K. BERRY SENTENCED.** The SEC New York Regional Office announced August 24 (LR-3004) that Robert K. Berry of Plainfield, N. J., received a suspended sentence, 5-year probation and a \$5,000 fine following a guilty plea to violation of the Securities Act anti-fraud provisions in the sale of common stock of Great Western Oil and Gas Company. Berry & Co. was fined \$18, its total assets.

**TWO FIRMS GRANTED REPORTING EXEMPTION.** The SEC has issued orders under the Securities Exchange Act of 1934 granting applications of the Avemco Finance Corporation, of 8645 Colesville Rd., Silver Spring, Md., and P. N. Hirsch & Company, of 1019 N. Jefferson Ave., St. Louis, Mo., for exemption from the requirements of that Act for the filing of periodic reports. Avemco on June 6, 1963 became a wholly-owned subsidiary of Avemco Corporation, which files periodic reports with the Commission that include financial statements of Avemco. Hirsch became a 99.65%-owned subsidiary of International Shoe Company on April 30, 1964, and International files periodic reports with which Hirsch's financial statements are consolidated.

**AMERICAN FIDELITY RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4039) declaring that American Fidelity Corporation, 423 E. Market St., Indianapolis, Indiana, has ceased to be an investment company.

**SOUTHERN NEW ENGLAND TEL. PROPOSES RIGHTS OFFERING.** The Southern New England Telephone Company, 227 Church St., New Haven, Conn., today filed a registration statement (File 2-22716) with the SEC seeking registration of 526,600 shares of common stock, to be offered to its stockholders at \$47 per share at the rate of one new share for each 15 shares held on September 8, 1964. The offering is not underwritten. Net proceeds from its stock sale will be used by the company to repay advances of \$21,100,000 from American Telephone and Telegraph Company (the company's largest stockholder), and the balance will be used for general corporate purposes, including property additions and improvements. Construction expenditures for 1964 are estimated at \$54,000,000. In addition to indebtedness, the company has outstanding 7,898,257 shares of common stock, of which management officials as a group own 6,093 shares and AT&T 18 1/2%. Ellis C. Maxcy is president.

OVER

**SOUTHERN NEW ENGLAND TEL. FILES STOCK PLAN.** The Southern New England Telephone Company, 227 Church St., New Haven, Conn., today filed a registration statement (File 2-22717) with the SEC seeking registration of 250,000 shares of common stock, to be offered under its 1964 Employees' Stock Plan.

**J. I. CASE CO. PROPOSES RIGHTS OFFERING.** J. I. Case Company, 700 State St., Racine, Wisc., filed a registration statement (File 2-22712) with the SEC on August 25 seeking registration of 1,100,000 shares of common stock, to be offered for subscription by its common stockholders. The record date, subscription rate and offering price (\$20.75 per share maximum\*) are to be supplied by amendment. The offering is not underwritten; however, Kern County Land Company (owner of 1,606,843 common shares) has agreed to purchase all shares for which it is entitled to subscribe as a stockholder and any additional shares which are not subscribed for.

The company is engaged primarily in the production of farm machinery and construction and earth-moving equipment, and in consumer and dealer financing. According to the prospectus, the company on August 18 sold privately to institutional investors \$35,000,000 of 5½% notes due 1965-74; its subsidiary, J. I. Case Credit Corp., similarly sold \$22,000,000 of 5-5/8% subordinated notes due 1979; and Case Credit applied the proceeds of such sale to the repayment of its \$22,000,000 note held by the company. The latter then paid off some \$69,483,975 of bank borrowings. On August 18 Case Credit also borrowed \$20,000,000 from banks and such funds were used to repay in full its borrowings under a bank credit agreement. The company has directed the successor trustee under the indenture relating to its 5½% subordinated debentures due 1983 to call for redemption on September 18, 1964, the outstanding \$20,130,100 of such debentures (less debentures converted into common stock). In connection with redemption of debentures the company will sell an additional 5% subordinated note to Kern County Land Company (the amount to be supplied by amendment); and the proceeds of the rights offering will be applied to a reduction in the amount of the 5% subordinated notes held by the said Land Company. The latter in May 1964 acquired 60,421 shares of 7% preferred stock and 1,606,843 shares of common stock of the company through a cash tender offer, such numbers of shares representing 65% and 55.2%, respectively, of the total shares of each such class outstanding on July 15. In addition to indebtedness and preferred stock, the company has outstanding 2,918,323 common shares, of which management officials as a group own 19,396 shares. Samuel B. Payne is board chairman and Merritt D. Hill is president.

**JACK WINTER, INC., FILES FOR SECONDARY AND EXCHANGE PROPOSAL.** Jack Winter, Inc., 233 E. Chicago St., Milwaukee, Wisc., filed a registration statement (File 2-22714) with the SEC on August 25 seeking registration of 200,000 outstanding shares of common stock, of which 190,000 shares are to be offered for public sale by the holders thereof through underwriters headed by E. Eberstadt & Co., 65 Broadway, New York, and Loewi & Co. Inc., 225 E. Mason St., Milwaukee. The public offering price (\$13.50 per share maximum\*) and underwriting terms are to be supplied by amendment. The remaining 10,000 shares are to be offered to certain company officers and employees by Jack A. Winter, president.

The registration statement also includes 25,967 shares of 5% cumulative convertible preferred stock, to be offered in exchange for all of the outstanding common stock of Glen Mfg. Inc., on the basis of one share of preferred for 20 shares of Glen Mfg. common.

The company is primarily engaged in the manufacture and sale of men's and women's sportswear apparel. In addition to indebtedness, the company has outstanding 850,000 common shares, all of which are owned by Jack A. Winter and members of his family. The prospectus lists the three selling stockholders, as follows: Winter, offering 129,834 of 529,834 common shares; Jack R. Winter, vice president, 35,083 of 143,083; and Michael Winter, vice president, 35,083 of 143,083.

**AVCO FILES EXCHANGE PROPOSAL.** Avco Corporation, 750 Third Ave., New York, today filed a registration statement (File 2-22719) with the SEC seeking registration of 2,868,444 shares of common stock. Avco proposes to offer these shares in exchange for shares of Delta Acceptance Corporation Limited, in the ratio of one share of Avco common for each share of Delta common, 7½ shares of Avco common for each 5½% cumulative redeemable convertible sinking fund second preference share series A of Delta, and 5 shares of Avco common for each 5½% cumulative redeemable convertible second preference share series B of Delta.

Delta presently has issued and outstanding 2,115,331 common shares, 50,000 series A convertible shares (which are convertible into 375,000 common shares), and 50,000 series B convertible shares (which are convertible into 250,000 common shares). In addition, there are warrants presently outstanding for the purchase of 80,663 common shares of Delta, and options presently outstanding for the purchase of an aggregate of 83,950 common shares of Delta which are exercisable to the extent of 47,450 shares prior to the expiration of the exchange period with respect to the common shares referred to below. Accordingly, Avco will be exchanging the maximum of 2,868,444 shares of its common stock only if each holder of Delta warrants or options exercises his right to acquire Delta common shares in a timely manner and each holder of Delta common shares, as well as each holder of series A and B convertible shares of Delta, accepts Avco's offer as to such shares within the respective periods provided therefor.

The exchange offer with respect to each class of Delta shares is subject to the condition that Delta shareholders possessing at least 80% of the total combined voting power of all classes of Delta shares shall accept the offer. If the offer becomes effective, Delta is expected to become a subsidiary of Avco; and no major change in its present organizational structure, personnel or general operating methods is contemplated. Richard W. Yantis, president, and two directors of Delta are expected to be elected to the Avco board of directors.

Avco is engaged principally in research, development and production for government agencies in the fields of space flight technology, re-entry vehicles for intercontinental ballistic missiles, electronics, aircraft engines, airframe structures, ordnance items and missile components. It has outstanding 11,001,996 common shares, of which 210,958 shares are held by management officials. Kendrick R. Wilson, Jr., is board chairman and chief executive officer and James R. Kerr is president and chief operating officer.

Delta, of London and Ontario, Canada, is engaged in the dealer and consumer loan business.

CONTINUED

**SECURITIES ACT REGISTRATIONS.** Effective August 25: Natural Gas Pipeline Company of America (File 2-22668); Harris-Intertype Corporation (File 2-22665). Effective August 26: Royal Business Funds Corporation (File 2-21878).

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form Form 8-K reports for the month indicated and responding to the item of the Form specified. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the August 3 News Digest.

Aeco Corp, June 64, (1,2,7,9,11,13)  
 Holly Sugar Corp, July 64, (7,12,13)  
 International Breweries, Inc, July 64,  
 (1,3,12)

Southwestern Drug Corp, Nov 62, (7)  
 July 63, (2,7,13)

Hughes & Hatcher, Inc, July 64, (4,12,13)  
 Kern County Land Co, July 64, (12,13)

Jetronic Industries, Inc, July 64, (11)  
 Marine Midland Corp, July 64, (7,8)

Esterbrook Fen Company, June 64, (11)

Gulf American Land Corporation, July 64, (12)  
 Koppers Co, Inc, July 64, (8)  
 National Co, Inc, July 64, (8)

Evans Aristocrat Industries Inc, July 64,  
 (1,3,8,12)

Federated Dept. Stores, Inc, July 64, (11,13)  
 General Development Corp, July 64, (3,7,8)  
 General Plywood Corp, July 64, (2,3,13)  
 Hoffman International Corp, July 64, (2,12,13)  
 Mid-Continent Corp, July 64, (7)

Detroit Mobile Homes, Inc, July 64,  
 (4,7,12)

Helmerich & Payne, Inc, July 64, (2,7)

Mississippi River Fuel Corp, July 64, (12,13)  
 Northern Natural Gas Co, July 64, (12)

Franchard Corp, July 64, (3)

Ferro Corp, July 64, (4,13)  
 Hercules-Powder Co, July 64, (7)  
 Olson Bros., Inc, July 64, (3)

Farmers Union Cooperative Marketing Association,  
 July 64, (7)

Gerber Products Co, July 64, (7,11,13)  
 Northern Illinois Gas Co, July 64, (7,12,13)

Orbit Stores, Inc, July 64, (11,13)  
 Phillips Petroleum Co, July 64, (7,13)

Georgia Power Co, July 64, (3)

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

---oooOooo---