

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 November 18, 1963

Statistical Release No. 1938. The SEC Index of Stock Prices, based on the closing prices of 300 common stocks for the week ended November 15, 1963, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1963 is as follows:

	1957-59 = 100		Percent Change	1963	
	11/15/63	11/8/63		High	Low
Composite	147.0	149.2	-1.5	150.6	130.6
Manufacturing	137.4	140.2	-2.0	141.9	121.1
Durable Goods	135.9	139.1	-2.3	141.4	116.2
Non-Durable Goods	139.0	141.4	-1.7	144.3	125.8
Transportation	131.9*	130.2	1.3	131.9	106.4
Utility	186.4	186.8	-0.2	186.9	170.3
Trade, Finance & Service	174.8	177.2	-1.4	180.9	153.8
Mining	128.0	129.4	-1.1	135.6	104.2

*New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended November 14, 1963, 20 registration statements were filed, 13 became effective and 268 were pending at the week-end.

DELEGATED POWERS EXTENDED. The SEC has amended Article 30-3(b) of its "Statement of Organization, Conduct and Ethics" to extend authority to the Director, Division of Trading and Markets, to rule upon applications of non-resident broker-dealers for time extensions for filing reports. A related revision of Rule 27 of the Commission's Rules of Practice also has been adopted by the Commission. (Release 33-4654).

PROXY RULE CHANGE PROPOSED. The SEC today announced a proposal for revision of its proxy rules (Release 34-7172); and it has invited the submission of views and comments thereon not later than December 16, 1963. Under Rule 14a-3 of the Commission's proxy rules, where the management of an issuer solicits proxies for the election of directors at an annual stockholders' meeting, its proxy statement shall be accompanied or preceded by an annual report containing such financial statements for the last fiscal year as will in the opinion of management adequately reflect the financial position and operations of the issuer. It is proposed to amend this provision to require expressly that such financial statements shall not be misleading in any material respect in the light of the financial statements included in annual reports filed with the Commission and shall be certified by independent public or certified public accountants, unless certification would not be required in annual reports filed with the Commission.

The Commission has observed that most issuers in the preparation of their annual reports to security holders follow accounting principles and practices which are generally consistent with those required for financial statements filed with the Commission in annual reports pursuant to Section 13 of the Act. In some instances, however, it has been noted that the financial statements contained in annual reports to security holders have been so presented as to give a misleading impression in regard to the financial position and operations of the issuer for its last fiscal year. The proposed amendment is directed at the practices of these few issuers and it is not contemplated that it will necessitate any change in the presentation of financial data for the great majority of issuers. This proposed amendment implements recommendation 7(a) of Chapter IX of the Special Study of Securities Markets.

Similarly, the requirement for certification by independent public accountants will affect only a limited number of companies, since the great majority of issuers follow the practice of having the financial statements included in their annual reports to security holders certified by such accountants as is generally required by the listing agreements of the principal securities exchanges. It should be noted that certification would not be required in any instance where it is not required for the corresponding financial statements included in reports filed with the Commission. Thus, for example, statements of insurance companies (other than title insurance companies) would not have to be certified. The proposed amendment also provides for waiver of certification where the Commission finds in a particular case that it would involve undue effort or expense.

NATIONAL STEEL AND ARMCO STEEL RECEIVE ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3817) authorizing the sale by Armco Steel Corporation of Pittsburgh, to National Steel Corporation of Middletown, Ohio, of 6,000 shares of the capital stock of Hanna Ore Mining Company and the assumption by National of Armco's obligation to purchase iron ore from Hanna Ore.

^{1/} The Issue Numbers for the News Digests of November 12, 13 and 14, 1963 were incorrect. They should be 63-11-6, 63-11-7 and 63-11-8, respectively.

MALONE & HYDE, INC. FILE RESTRICTED STOCK OPTION PLAN. Malone & Hyde, Inc., 1700 Dunn Ave., Memphis, filed a registration statement (File 2-21881) with the SEC on November 14 seeking registration of 25,590 shares of common stock to be offered pursuant to the company's Restricted Stock Option Plan.

CASTLE & COOKE, INC. FILES STOCK PLAN. Castle & Cooke, Inc., 130 Merchant Street, Honolulu, Hawaii, filed a registration statement (File 2-21882) with the SEC on November 14 seeking registration of 123,746 shares of capital stock. Of these shares, 50,000 are to be offered to employees of the company or its subsidiaries under the company's Stock Option Plan and 73,746 shares are being and are to be offered to employees of the company or its subsidiaries who hold existing options.

ARMCO STEEL CORPORATION FILES THRIFT PLAN. Armco Steel Corporation, 703 Curtis St., Middletown, Ohio, filed a registration statement (File 2-21883) with the SEC on November 14 seeking registration of 313,725 shares of common stock to be offered under and pursuant to its Thrift Plan for Salaried Employees.

BANKERS FINANCIAL CORP. FILES EXCHANGE PLAN. Bankers Financial Corporation, 125 East Wells St., Milwaukee, Wisc., filed a registration statement (File 2-21872) with the SEC on November 12 seeking registration of 365,262 shares of common stock to be offered at a subscription price of \$2.70 per share to the holders of common stock of Marine Capital Corporation, on the basis of one share of Bankers for each two shares of Marine. No underwriting is involved. The exchange offer will expire on January 20, 1964, unless subscription warrants for 155,000 shares of Bankers stock have been received by such date, and the offer will be withdrawn and all cash accompanying subscription warrants will be returned.

Bankers, which was incorporated under the laws of the State of Wisconsin in February, 1963, is engaged in the business of establishing or acquiring control of, or interests in, other companies, primarily those engaged in the field of finance. Marine is a registered small business investment company under the Investment Company Act of 1940. In addition to indebtedness, Bankers has outstanding 50,200 shares of common stock, of which Cangro Resources, Ltd., Calgary, Alberta, Canada, owns 50,000 shares, and Sheldon B. Lubar, president and a director of Bankers, owns 200 shares. Virgil C. Sullivan, a director of Bankers, is the president of Cangro.

Proceeds of the exchange offer will be applied by Bankers to the purchase price of \$2,316,882 for all of the outstanding stock of Mortgages Associates, Inc., of Milwaukee. Bankers proposes to obtain the remainder of the funds for the purchase of the stock of Mortgages Associates through a \$1,400,000 bank loan, for which Bankers' purchases of shares of Associates will be pledged as security, and through purchases of Bankers' stock by Cangro and by officers of Bankers and/or Mortgages Associates.

SALESMEN'S SELF-EMPLOYED RETIREMENT & THRIFT PLANS FILED. The Salesmen's Self-Employed Retirement & Thrift Plans, Inc., Atlanta, a non-profit corporation incorporated in Georgia in October 1963, filed a registration statement (File 2-21880) with the SEC on November 14 seeking registration of \$5,000,000 of participations in its Group Retirement Plan Trust, such participations to be offered to all self-employed members of the National Association of Women's and Children's Apparel Salesmen, Inc. The retirement program is designed for eligible members who wish to set up a retirement plan for themselves and their employees which will be qualified for the income tax benefits available under the 1962 amendment to the Internal Revenue Code of 1954 conferring tax benefits on self-employed persons. The program comprises a group retirement plan for such purpose and a group retirement plan trust in which all contributions from participants will be held as a single fund for investment. The prospectus states that the plan and other documents making up the retirement program have been filed with the Internal Revenue Service for approval and may be amended in any respects required to obtain such approval.

Manufacturers Hanover Trust Company, New York City, will serve as Trustee of the Trust Fund, and Calvin Bullock, Ltd., New York City, has been selected to serve as investment adviser.

LANVIN-CHARLES OF THE RITZ SHARES IN REGISTRATION. Lanvin-Parfums, Inc., 767 Fifth Ave., New York, filed a registration statement (File 2-21884) with the SEC on November 14, seeking registration of 800,000 shares of common stock of Lanvin-Charles of the Ritz, Inc., which will be the surviving corporation resulting from a merger of Charles of the Ritz, Inc. and with and into Lanvin-Parfums, Inc. The shares are to be offered for public sale, subject to the consummation of the merger, by the holders thereof, through Goldman, Sachs & Co. and White, Weld & Co., Incorporated, both located at 20 Broad Street, New York. The public offering price (maximum \$22 per share*) and underwriting terms are to be supplied by amendment.

Of the 800,000 shares of the surviving company to be offered, Edouard L. Cournand, president and director of Lanvin Parfums, Inc., who will be chairman of the board of the surviving company, proposes to sell 230,700 of the 304,795 shares owned by him; Rita S. Cournand proposes to sell 50,000 of the 79,590 shares owned by her; Yves Lanvin and Louis de Polignac propose to sell their holdings of 21,000 shares and 7,000 shares, respectively; and Lanvin S. A. (Trade Marks) proposes to sell 491,300 of the 847,000 shares owned by it. Following the sale of the shares being offered, Edouard L. Cournand, Rita S. Cournand, and Lanvin S. A. (Trade Marks) will own, in addition to their remaining shares of common stock, 129,870, 34,110, and 363,000 shares, respectively, of the \$.80 cumulative preferred stock of the surviving company, and Yves Lanvin and Louis de Polignac will own 9,000 and 3,000 shares, respectively, of such preferred stock. In connection with the merger, Lanvin S. A. (Trade Marks) has agreed that prior to December 15, 1968, it will not dispose of any shares of capital stock of the surviving company other than the common shares now being sold.

Upon the consummation of the merger, the surviving company will have outstanding, in addition to certain indebtedness, 672,000 shares of \$.80 cumulative preferred stock, no par value, 1,922,260 shares of common stock, \$1 par value, and 1,000,000 shares of Class B common stock, \$1 par value. (All of the Class B common will be owned by Richard Salomon, who will be president and a director of the surviving company).

In addition, 5,640 shares of preferred stock and 97,188 shares of common stock are reserved for issuance upon exercise of outstanding restricted stock options. Also, since shares of preferred stock and Class B common stock are convertible (on and after December 15, 1968, and December 15, 1966, respectively) into common stock on a share-for-share basis, subject to anti-dilution provisions, 1,672,000 shares of authorized common stock are reserved for issuance upon conversion of outstanding shares of preferred stock and Class B common stock, and an additional 5,640 shares of common stock are reserved for issuance upon conversion of shares of preferred stock which may be issued upon the exercise of restricted stock options, referred to above.

Lanvin Parfums, Inc., is engaged principally in the importation and distribution in the United States of Lanvin perfumes and fragrance concentrates. Charles of the Ritz, Inc., is primarily engaged in the manufacture and distribution of Charles of the Ritz cosmetics and toilet preparations for women.

VARNER-WARD LEASING CO. FILES FOR OFFERING AND SECONDARY. Varner-Ward Leasing Company, 1525 Franklin St., San Francisco, filed a registration statement (File 2-21885) with the SEC on November 15 seeking registration of 125,000 shares of common stock, \$1.25 par value, of which 60,000 shares are to be offered for public sale by the issuing company and the remaining 65,000 shares by the present holders thereof. The public offering price (maximum \$11 per share*), underwriting terms, and the names of the selling stockholders are to be supplied by amendment. Birr, Wilson & Co., Inc., 155 Sansome St., San Francisco, is listed as the principal underwriter.

Incorporated in 1961, the company is engaged in the business of leasing automobiles to individuals and small businesses in the San Francisco Bay area. The net proceeds to the company from its sale of the 60,000 shares will be used for additional working capital. In addition to certain indebtedness, the company, prior to November 13, 1963, had outstanding 141,300 shares of \$1.00 par common stock and \$617,400 principal amount of 6% convertible subordinated debentures, and Robert B. Varner, president and director, and E. Harvie Ward, executive vice president and director, each owned 22,120 shares of the common stock and \$16,800 principal amount of the debentures. On November 13 the company amended its articles of incorporation to effect a reverse stock split, combining and converting each five shares of \$1.00 par common stock into four shares of \$1.25 par common stock, thus reducing the number of issued and outstanding shares to 113,040. By the terms of the outstanding convertible debentures and employees' restricted stock options, the number of shares subject thereto and the conversion and exercise prices, respectively, were also adjusted. 6400 shares of the company's common stock are subject to restricted stock options granted by the company to David L. Varner, vice president and director, Richard Gravett, Jr., director, and another employee of the company. The option price in each case is presently \$2.75 per share.

CONSOLIDATED EDISON FILES FINANCING PROPOSAL. Consolidated Edison Company of New York, Inc., 4 Irving Place, New York, filed a registration statement (File 2-21886) with the SEC on November 15 seeking registration of \$75,000,000 of First and Refunding Mortgage Bonds, 7 Series AA, due December 1, 1993, to be offered for public sale at competitive bidding. The net proceeds from the bond sale will be added to the treasury funds of the company and will be used to retire short term bank loans (estimated at \$58,000,000) incurred in connection with its construction program and to finance in part additional construction costs.

C. BREWER AND CO. FILES FOR SECONDARY. C. Brewer and Company, Limited, 827 Fort St., Honolulu, Hawaii, filed a registration statement (File 2-21887) with the SEC on November 15 seeking registration of 8,500 outstanding shares of its common stock, to be offered for public sale by the holders thereof through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York, and Butcher & Sherrerd, 1500 Walnut St., Philadelphia. The public offering price (maximum \$80 per share*) and underwriting terms are to be supplied by amendment.

Incorporated under the laws of the Kingdom of Hawaii in 1883, the company is engaged in sugar production in Hawaii and Puerto Rico and the distribution of molasses in the continental United States. As of November 14, 1963, the company had outstanding 880,406 shares of common stock in addition to certain indebtedness. Directors and officers of the company, as a group, owned beneficially, directly or indirectly, approximately 15% of the common stock then outstanding. The board of directors of the company has voted to effect a two-for-one split of the common stock held of record at the close of business on December 12, 1963, and the 8500 shares now being offered will be subject to the stock split. Of these 8500 shares, 6,000 (out of holdings of 12,688 shares) are being sold by Samuel G. Fisher, et al., as trustees for the benefit of Edythe Rubenstone and others, and 2,500 (out of holdings of 5,120 shares) are being sold by Samuel G. Fisher, et al., as trustees for the benefit of David Fisher and others. Boyd MacNaughton is president and director of the company.

JOSEPH SHERNOV AND OTHERS ENJOINED. The SEC New York Regional Office announced November 12 (LR-2781) the entry of a Federal court order (USDC, SDNY) permanently enjoining Joseph Shernov, individually and doing business as Central Securities Co., of New York City, Michael Robert Paer of Brooklyn, New York, Edward Rosenberg of Cross Plains, Texas, and Union Natural Gas & Pipe Line Co., also of Cross Plains, from further violations of the registration provisions of the Securities Act of 1933 in the offer and sale of the common stock of Union Natural Gas & Pipe Line Co. The defendants consented to entry of the order.

The Regional Office also announced on November 13 (LR-2782) the entry by the same court of an order permanently enjoining the aforesaid Shernov, Paer, and Rosenberg, and Union Petroleum Co., a Delaware corporation, from further violations of the registration and anti-fraud provisions of the Securities Act in connection with the offer and sale of the common stock of Union Petroleum Co. The defendants consented to the entry of the order.

JOHN L. DE LYRA AND OTHERS INDICTED. The SEC New York Regional Office announced November 13 (LR-2783) the return of a three-count indictment (USDC, SDNY) charging John L. de Lyra and William J. Ferris, both of Brooklyn, New York, and Theodore Kempinski, also known as Teddy Kemp, of New York City, with fraud in connection with documents filed by them with the Commission on behalf of North American Properties Corporation, New York City, pursuant to Regulation A under the Securities Act.

COMPLAINT CITES V. K. OSBORNE & SONS. The SEC San Francisco Regional Office announced November 13 (LR-2784) the filing of a complaint (USDC, Los Angeles) seeking to enjoin V. K. Osborne & Sons, Inc., Beverly Hills, California, and V. K. Osborne, its president, from further violations of the Commission's record-keeping, financial reporting and anti-fraud rules under the Securities Exchange Act, and further seeking the appointment of a receiver to conserve the assets of the respondent corporation. The Court entered an order temporarily restraining the defendants from engaging in the acts and practices specified in the Commission's complaint, pending a hearing on November 19.

CONNECTICUT YANKEE ATOMIC POWER OPINION ISSUED. The SEC has issued an opinion (Release 35-14968) supplemental to and setting forth the bases for its order of September 26, 1963 (Release 35-14947) which authorized certain transactions involved in the organization of Connecticut Yankee Atomic Power Company. Connecticut Yankee is owned by a sponsoring group of New England public utility companies and propose to construct a nuclear-powered electric generating plant at Haddam Neck, Connecticut. The entire energy output of Connecticut Yankee's plant will be sold to the sponsoring companies in proportion to their stock holdings. This plant will be the second nuclear generating plant in New England, and, unlike the first such plant, it is conceived as a commercial source of electric power at competitive rates.

The Commission's opinion, which was signed by Commissioner Whitney and concurred in by Chairman Cary and Commissioners Woodside and Cohen, approved the sale of \$5,000,000 of Connecticut Yankee stock and the acquisition of such stock by the sponsoring companies, the funds so raised being intended to be used in the initial financing of the new plant. The Commission found that the acquisitions would serve the public interest by tending towards the economical and efficient development of integrated public utility systems, that effectiveness of rate regulation by the Connecticut Commission and the Federal Power Commission would not be impaired, and that each sponsor could be considered to operate in the same area or region as Connecticut Yankee in view of the existing state of the arts of generating and transmission and the economic advantages of the proposed arrangement.

The Commission also held that notwithstanding the acquisition of 25% and 15% of the Connecticut Yankee stock by The Connecticut Light and Power Company and New England Power Company, two of the sponsors, the latter would continue to be "predominantly" public utility companies (rather than predominantly holding companies) within the meaning of Section 3(a)(2) of the Holding Company Act, and, in the absence of any evidence that grant of exemptions under that section would be "detrimental to the public interest or the interest of investors or consumers," were entitled to exemptions from the Act under that section.

The Commission denied Connecticut Yankee permission to conduct negotiations regarding the type, amount and method of its permanent financing program. It observed that its experience had shown that conduct of negotiations with certain prospective purchasers of a company's securities causes others to lose interest in the issue and makes successful competitive bidding difficult, and that competitive bidding had achieved savings for investors and consumers through reductions in public utility financing costs. It held that the contention that a non-competitive placement of Connecticut Yankee's senior securities might be more advantageous was at this time a matter of conjecture, and that the evidence tended to indicate that Connecticut Yankee's senior securities could be sold successfully at competitive bidding.

SECURITIES ACT REGISTRATIONS. Effective November 14: Austral Oil and Gas Exploration Program (File 2-21795); Pennsalt Chemicals Corp. (File 2-21811).
Effective November 15: American Bar Retirement Association (File 2-21792); Perfect Photo, Inc. (File 2-21713).
Effective November 18: Brantly Helicopter Corp. (File 2-21596); Bridges Investment Fund, Inc. (File 2-21600); Masco Corp. (File 2-21853); Mid-Continent Telephone Corp. (File 2-21808).
Withdrawn November 15: Lunar Films, Inc. (File 2-18826).

ORAL ARGUMENT, THIS WEEK. Clinton Engines Corp., November 21, 2:30 P. M.

*As estimated for purposes of computing the registration fee.

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