

# 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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**FIRST MAINE PROCEEDINGS DISCONTINUED.** The SEC has ordered the discontinuance of proceedings under the Securities Exchange Act of 1934 to determine whether First Maine Corporation, 84 Exchange Street, Portland, Maine, and certain of its officials and controlling stockholders, violated provisions of the Federal securities laws and whether the firm's broker-dealer registration should be revoked or whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

On December 14, 1961, First Maine, together with Burton M. Cross, president and controlling stockholder, and Herbert Lord Rackliff, syndicate manager, consented to the entry of an order by the U. S. District Court for the District of Maine, permanently enjoining them from further violations of Sections 5(a) and (c) and 17(a) of the Securities Act of 1933. Cross also applied to the Commission for withdrawal of the broker-dealer registration of First Maine, advising that he, Rackliff and First Maine would discontinue their activities in the securities business for the indefinite future.

Under the circumstances, the Commission concluded that withdrawal of the firm's registration and discontinuance of the revocation proceedings was appropriate.

**SUSPENSION OF TWO REG. A OFFERINGS PERMANENT.** The SEC today announced the issuance of orders under the Securities Act (Release 33-4446 and 33-4447) making permanent prior orders temporarily suspending Regulation A exemptions from Securities Act registration with respect to public offerings of stock by (1) Diversified Collateral Corporation ("DCC"), of Miami Beach, Fla., and (2) Spirit Mountain Caverns, Inc. ("SMC"), of Cody, Wyo. Pursuant to a notification filed in February 1960, DCC made a public offering of 75,000 common shares at \$4 per share; and under a notification filed in September 1958, SMC offered 225,000 shares of Class A preference stock at \$1 per share.

With respect to the DCC offering, the Commission ruled that, while the company's initial offering circular named The Tager Company of New York as underwriter, two additional firms later became and acted as underwriters, namely, Neil James & Co., Inc., and Banner Securities, Inc., both of New York, which fact (along with the terms of any agreement with such firms) was not disclosed in the company's notification and offering circular. The Banner and James firms so acted as underwriters in contravention of Regulation A by reason of the fact that they were subject to Federal court orders temporarily restraining or permanently enjoining them from violation of certain provisions of the Exchange Act. Moreover, the James firm made false representations in the sale of DCC stock (without authority from or knowledge of DCC), including representations that the market price of the DCC stock would double or increase substantially over the offering price within a short period.

Concerning the SMC offering, the Commission ruled that 3,550 shares were sold between November 22 and December 17, 1960, after the company's February 1960 offering circular had expired and had not been revised, as required. Moreover, although the offering circular stated that the stock would be offered at \$1 per share through company officers and salesmen, the company in September 1960 entered into an agreement with Globe Underwriters, Inc., of Cody, Wyoming, which agreed to act as underwriter on a best efforts basis for the offering of SMC stock. Globe as underwriter made the sales of the said 3,550 shares, of which 2,100 shares were sold on a time payment plan. In connection with such sales, cash payments of \$2,000 were received, including \$400 representing the underwriter's commission, and payment of \$1,550 was due on the sales made on the time payment plan. The offering circular was not amended to reflect the employment of Globe as underwriter or the time-payment method of sales. In addition, the company's financial statements included in its offering circular, as later revised, were inaccurate and misleading.

**DISTRIBUTION BY BROKER-DEALERS OF UNREGISTERED SECURITIES.** The SEC today released, for FRIDAY MORNING NEWSPAPERS, a discussion of "the standards of conduct" expected of broker-dealer firms in connection with their public distribution of substantial blocks of unregistered securities, particularly those of relatively obscure and unseasoned companies and where all of the circumstances surrounding the distribution may not be known to the broker-dealer. The statement discusses particularly the following: What steps the broker-dealer should take to make sure that he is not participating in an illegal distribution in violation of Section 5 of the Securities Act of 1933. What investigation he should make concerning the issuer in order to avoid violations of the anti-fraud provisions of the federal securities laws in the course of the distribution. Copies of the statement have been mailed to all registered broker-dealers. Copies also are available in all SEC Regional and Branch Offices.

**INVESTORS ALERTED ON UNCLAIMED SECURITIES.** The SEC today released, for FRIDAY MORNING NEWSPAPERS, a warning to public investors that they risk substantial losses unless they take prompt action to assert their claims to securities or cash issuable to the holders of 200 classes of outstanding securities of 125 corporations pursuant to court-approved plans for the reorganization of such companies. The report listing the securities in question will be available in regional and branch offices of the Commission and at the offices of broker-dealer and investment adviser firms throughout the country, on or about February 21st. An initial list of nine classes of securities of five such companies, with respect to which there is an imminent "bar date" after which the outstanding securities will become worthless, is contained in the Commission's Release 35-14567, and will be immediately available in all such offices.

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**CANADIAN RESTRICTED LIST MODIFIED.** The SEC has removed Native Minerals Ltd., of Calgary, Alberta, Canada, from its Canadian Restricted List. The list now comprises the names of 255 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. Deletions from the list may be made for various reasons, including the discontinuance of the unlawful distribution and an undertaking to comply with the law in respect of any future distribution in the United States. (Release 33-4448).

**DETROIT & CLEVELAND NAVIGATION SEEKS ORDER.** Detroit and Cleveland Navigation Company, Detroit, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-3413) giving interested persons until February 16th to request a hearing thereon. The company represents that it was dissolved in October 1960 following its merger with Denver Chicago Trucking Company, Inc., a Nebraska corporation. Under the merger agreement, the Navigation Company was to turn over to the Nebraska corporation all its 135,643 outstanding common shares, in exchange for which the Nebraska corporation would deliver its shares at the rate of one and two-fifths shares for each share of Nebraska Corp. stock (plus \$20 per full share in lieu of fractional shares). All of the latter's shares have been surrendered except 162 shares held by eight individuals; and the First National Bank of Denver holds 746 5/8 shares of Nebraska corporation stock and \$438.59 in cash in lieu of fractional interests for the satisfaction of the unsurrendered shares.

**GREATER WASHINGTON INDUSTRIAL INVESTMENTS CERTIFIED.** The SEC has certified to the Secretary of the Treasury that Greater Washington Industrial Investments, Inc., a registered investment company and also a licensee under the Small Business Investment Act of 1958, is principally engaged in the furnishing of capital to other corporations which are principally engaged in the development of exploitation of inventions, technological improvements, new processes, or products not previously generally available.

**AMERICAN RESEARCH AND DEV. ORDER ISSUED.** The SEC has issued an exemption order under the Investment Company Act (Release IC-3415) permitting the proposed extension to March 31, 1962, of the maturity date of a promissory note of \$50,000 issued to American Research and Development Corporation, of Boston, by an affiliate, Intercontinental Electronics Corp.

**G.P.U. INTRASYSTEM PROPERTY TRANSFER APPROVED.** The SEC has issued an order under the Holding Company Act (Release 35-14566) authorizing New Jersey Power & Light Company, to sell to Jersey Central Power & Light Company, both Morristown, N. J., subsidiaries of General Public Utilities Corporation, of certain properties at their book cost of \$2,763,799.

**ATLANTIC SEABOARD NOTE ISSUE APPROVED.** The SEC has issued an order under the Holding Company Act (Release 35-14568) permitting Atlantic Seaboard Corporation, Charleston, W. Va., to issue a \$6,000,000 note to its parent, The Columbia Gas System, Inc., the proceeds of which will be used by Seaboard to repay the parent for an emergency cash advance of \$6,000,000 in June 1961 to assist Seaboard in making rate refunds to its customers pursuant to a Federal Power Commission order.

**NEW ORLEANS PUBLIC SERVICE SURPLUS ADJUSTMENT CLEARED.** The SEC has issued an order under the Holding Company Act (Release 35-14569) authorizing New Orleans Public Service, Inc., of New Orleans, La., to transfer from its earned surplus account to capital surplus, as of December 31, 1961, \$710,264.89, or 50¢ per share on its outstanding common stock.

**NORTH BECOMES ASSOCIATE GENERAL COUNSEL.** Chairman William L. Cary of the SEC today announced that Walter P. North has been promoted to the newly-created position of Associate General Counsel. He occupied a similar position for about a year prior to being named General Counsel in October 1960. At the request of Chairman Cary, when a new General Counsel was appointed in May 1961, Mr. North agreed to continue on the Staff as an Assistant General Counsel. In his new position he will serve (along with Associate General Counsel David Ferber), under Peter Dammann, who became General Counsel in September 1961.

Mr. North is a native of Battle Creek, Michigan, where he practiced law for many years prior to joining the Commission's Staff in October 1959. He received his A. B. from the University of Michigan in 1928 and his J. D. from its Law School in 1930.

**HAROLD J. CRAIG ENJOINED.** The SEC Chicago Regional Office announced January 31st (Lit-2186) the entry of a Federal court order on November 30, 1961 (USDC ND Ill.) enjoining Harold J. Craig from violating the Securities Act registration requirement in the offer and sale of Central Casualty Company stock.

**HURON-WHEELER-DAVIDSON ASSOCIATES FILES FOR OFFERING.** Huron-Wheeler-Davidson Associates, 41 East 42nd Street, New York, filed a registration statement (File 2-19715) with the SEC on January 29th seeking registration of \$640,000 of limited partnership interests in Associates, to be offered for public sale at \$5,000 per interest. The offering will be made on an all or none basis by Transcontinental Securities Corporation, which will receive a commission of \$390.625 per interest.

Associates was organized under New York law in January 1962 with Samuel Seigel and Ann Seigel as general partners and Clinton Bartlett Snyder, Max Seigel, Samuel Seigel, Ann Seigel, David H. Feldman, Gilbert Siegal and Robert Cantor as original limited partners.

It proposed to acquire for investment the fee title to the premises known as 1220 Huron Road, Cleveland, Ohio, two leasehold estates with respect to the building known as the Wheeler Annex Properties at 15-23 North High Street, Columbus, and a land contract to purchase the Davidson Building at 6th and Pierce Streets, Sioux City, Iowa. In December 1961 Sam Seigel on behalf of himself and the original limited partners

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contracted (1) to purchase Huron for a total purchase price of approximately \$1,452,875 consisting of \$360,000 in cash above a first mortgage of approximately \$942,875 plus a purchase money second mortgage and note in the amount of \$150,000 (\$30,000 was deposited on signing the contract and the partnership is required to deposit an additional \$330,000 upon closing of title); (2) to purchase Wheeler for a total purchase price of \$160,000 consisting of \$85,000 in cash above a purchase money mortgage and note in the amount of \$75,000; \*(3) to purchase the Davidson land contract for a total purchase price of \$812,447 consisting of \$150,000 in cash above payments due on land contract in the amount of \$562,447 and a purchase money mortgage and note in the amount of \$100,000 (\$12,500 was deposited on closing and the partnership will be required to pay \$137,500 in cash at the closing). Under the terms of the partnership agreement, the original limited partners paid into the partnership \$5,000 in cash and have contributed the contracts to purchase the properties referred to above and other property rights for which they received \$140,000 in subordinated limited partnership interests. The net proceeds from the public sale of the limited partnership interests will be applied to the financing of the partnership. \*(\$7,500 was deposited on closing and the partnership will be required to pay \$77,500 in cash at the closing);

**N. Y. TESTING LABS FILES FOR STOCK OFFERING.** New York Testing Laboratories, Inc., 47 West Street, New York, filed a registration statement (File 2-19716) with the SEC on January 29th seeking registration of 50,000 shares of common stock, to be offered for public sale at \$5 per share. The offering will be made on an all or none basis through underwriters headed by Robbins, Clark & Co., Inc., which will receive a 50¢ per share commission and \$5,000 for expenses. The statement also includes 12,500 shares underlying 5-year warrants to be sold to the underwriter, Fred Victorson, a finder, and Marshall, Bratter, Greene, Allison & Tucker, company counsel, at 1¢ each, exercisable at \$6 per share; and 10,000 shares to be sold to them at \$1 per share.

The company is engaged in the business of testing and analyzing electronic, chemical and other materials, manufactured items and structures. The \$210,000 estimated net proceeds from the stock sale will be used to enable the company to move its plant to Nassau County, N. Y., to purchase new equipment for environmental and other testing including a random noise vibration system, and for working capital and other corporate purposes. In addition to certain indebtedness, the company has outstanding 64,000 shares of common stock (after giving effect to a recent recapitalization whereby 600 preferred shares, \$100 par, then outstanding were exchanged for 60,000 new common shares and the 100 common shares then outstanding were exchanged for 4,000 new common shares). Gerald J. Harvey, secretary, and Roger Harvey, treasurer, own 25% each, and management officials and their families own 100% of the outstanding stock. Gerald J. Horvitz is president. Sale of stock at \$5 per share will result in an increase in the book value of stock now outstanding from 88¢ to \$2.13 per share and a corresponding dilution of \$2.87 per share in book equity of stock purchased by the public.

**REGULATORS INC. FILES FOR OFFERING AND SECONDARY.** Regulators, Inc., 455 West Main Street, Wyckoff, N. J., filed a registration statement (File 2-19717) with the SEC on January 29th seeking registration of 75,000 shares of common stock, of which 50,000 shares are to be offered for public sale by the company and 25,000 shares, being outstanding stock, by Electronic Specialty Co., a principal stockholder. The offering will be made at \$5 per share on an all or none basis through underwriters headed by Myron A. Lomasney & Co., which will receive a 50¢ per share commission and \$7,500 for expenses. The statement also includes 12,500 shares sold to Broad Street Capital Corp. an affiliate of the principal underwriter, at \$2.50 per share.

The company is engaged in the design, manufacture and sale of regulating and control devices for the control, regulation and monitoring of various types of electric and electronic machines and power supplies. Net proceeds from the company's sale of additional stock will be used to retire notes payable to shareholders in the amount of \$146,500, and the balance will be added to working capital for general corporate purposes. Pursuant to a proposed recapitalization, the 2,053 shares now outstanding will be exchanged for 80,000 new common shares. Immediately thereafter, \$50,000 of indebtedness to Electronic Specialty Co. will be cancelled in exchange for an additional 10,000 new shares, and \$50,000 of indebtedness to Gustave A. Gsell, president, George F. Hoffman, vice president, and Mrs. Hoffman will be cancelled in exchange for an aggregate of 10,000 additional new common shares.

Giving effect to such transactions, the company has outstanding 100,000 shares of common stock, of which Electronic Specialty Co., Gsell, and Hoffman own 58%, 16.2% and 25.5%, respectively. As indicated, Electronic Specialty proposes to sell 25,000 shares. After the stock sale, said stockholders will own 46% of the outstanding stock for an aggregate contribution of \$133,472 (\$100,000 in cancellation of indebtedness and \$33,472 in the net worth of the company as at October 1961), and the public will also own 46% for an aggregate investment of \$375,000.

**CALEV PHOTOLABS FILES FOR STOCK OFFERING.** Calev Photolabs, Inc., 21-20 45th Road, L. I., New York, filed a registration statement (File 2-19718) with the SEC on January 29th seeking registration of 93,000 shares of common stock, to be offered for public sale at \$3.25 per share. The offering will be made on an all or none basis by Amber, Burstein & Co., Inc., which will receive a 39¢ per share commission and \$14,000 for expenses. The statement also includes 15,000 shares sold to Milton B. Burstein, controlling person of the underwriter, and Jack Malon, the finder, at 25¢ per share. The prospectus states that the company will grant to Burstein, upon completion of this offering, five-year options to purchase an additional 10,000 shares at \$3.25 per share.

The company is in the business of processing and printing of black and white and color photographic film and the sale of film, photographic equipment, accessories and supplies. The \$238,375 estimated net proceeds from the stock sale will be applied to advertising and promotion of direct mail processing, to advertising and promotion of wholesale photo finishing business, for modernization of existing equipment and purchase of new equipment, for repayment of loans from officers, for additional inventory of production supplies, film, photographic equipment and accessories for resale, and for general corporate purposes.

The company has outstanding 141,800 shares of common stock (after giving effect to a recent recapitalization), of which Benjamin B. Calev, president, and Joseph Calev, board chairman, own 60,000 shares each. Sale of the 93,000 shares to the public at \$3.25 per share will result in an increase in the 31¢ per share book value of stock now outstanding and a corresponding dilution in the book equity of stock purchased by the public.

**GENERAL DEVICES PROPOSES RIGHTS OFFERING.** General Devices, Inc., Ridge Road, Monmouth Junction, New Jersey, filed a registration statement (File 2-19719) with the SEC on January 29th seeking registration of 140,000 shares of common stock. It is proposed to offer all or part of such shares for subscription by common stockholders. Hess, Grant & Remington, Inc. is the underwriter. The record date, rate of subscription, subscription price and underwriting terms are to be supplied by amendment.

The company is primarily engaged in the development and manufacture of a related line of electronic and electromechanical components and systems for multiple telemetering, a process of collecting data from a large number of metering channels and transforming the data onto a single channel for transmission by radio to a remote point or for storage on a magnetic tape recorder for subsequent transmission or processing. The net proceeds from the stock sale will be used to increase the inventory of long lead time components in order to reduce delivery schedules, to purchase environmental test equipment, to retire short term loans, for advertising and sale promotion, and for working capital and general corporate purposes. The prospectus indicates that during the year 1960 the company experienced an operating deficit (before tax credits) of \$622,142, and for the first ten months of 1961 the company likewise lost \$562,852. As a result of the advice received from a management consultant employed in August 1961, management and other changes, including a reduction in overhead costs, were effected in 1961.

In addition to certain indebtedness, the company has outstanding 399,910 shares of common stock, of which John F. Brinster, board chairman, owns 13% and management officials as a group 19%. Book value of stock now outstanding is \$1.23 per share.

**GAINESVILLE INN OF FLORIDA ASSOCIATES FILES FOR OFFERING.** Gainesville Inn of Florida Associates, 111 West 40th Street, New York, filed a registration statement (File 2-19720) with the SEC on January 29th seeking registration of \$415,000 of limited partnership interests in Associates, to be offered for public sale at \$5,000 per interest. No underwriting is involved.

Associates is a limited partnership to be organized under New York law with Lawrence A. Lerner, Irving Nissenfeld, Frank C. Roehl, Louis Schlesinger, Lawrence Suslow and Moses Siegel as its general partners and Rose Lerner as the original limited partner. The partnership owns a contract with Frank M. Perper and others, to purchase for investment, subject to a long term ground lease, the buildings, improvements, chattels, furniture, furnishings and equipment consisting of 98 rental units, a restaurant and swimming pool in Alachua County, Gainesville, Florida. The purchase price of the Motel is \$1,200,000 payable \$330,000 in cash and by taking title subject to two mortgages which in the aggregate will equal \$870,000. In addition, the partnership owns a second contract to acquire an operating lease covering a 42 rental unit extension and coffee shop now being erected by the seller on 5 acres of leased land contiguous to the existing Motel, both of which are to be operated as one project. To effectuate the purchase, acquire the leasehold interest and pay the costs of this offering, the partnership will require \$440,000 in cash. Of this sum, \$20,000 is to be contributed by the general partners and \$5,000 by the original limited partner. The proceeds of this offering of \$415,000, together with the said \$25,000 in cash to be contributed by the partners, will be used as follows: (a) \$330,000 will be applied to the purchase price of the property including the refund of cash deposits made thereunder; (b) \$50,000 will be deposited as security under the operating lease including the refund of cash deposits made thereunder; (c) \$25,000 will be deposited to the account of the partnership for the usual closing adjustments with any balance remaining therefrom to be used as working capital; and (d) \$35,000 to be paid to the general partners for which they have agreed to pay all expenses in connection with the acquisition of the property, the lease, the formation of the partnership and this offering. The partnership will not operate the Motel itself, but has entered into a management agreement for this purpose with Crest Motels, Inc., of New York City. Crest Motels will perform management duties and generally supervise the operation of the Motel at an annual fee of \$100 per rental unit. The general partners are the sole stockholders and management officials of Crest Motels.