

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

brief summary of financial proposals filed with and actions by the S.E.C.



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**PARAMOUNT HOLDING OFFERING SUSPENDED.** The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Paramount Holding Company, Inc. ("Respondent," formerly Associated Builders and Contractors, Inc.), of Preston, Idaho. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed in January 1964, Respondent proposed the public offering of 112,300 Class A common shares at \$2.50 per share pursuant to such an exemption. The Commission's suspension order is based on proceedings involving Respondent and others pending in the Federal court in Denver. The Commission's complaint in that action alleges that Respondent's securities had been and were being offered and sold in violation of the Securities Act registration and anti-fraud provisions. The court on September 2, 1964, entered an order against Edward L. Gibbons and others temporarily restraining the sale of securities of Respondent in violation of the said provisions of law, and on September 9 the court continued the order in full force and effect until final determination of the Commission's motion for a permanent injunction. A permanent injunction by default was entered against Gibbons on January 21, 1965. The Regulation A notification named Gibbons as a promoter of Respondent, underwriter for the stock offering, and manager of Respondent's proposed property management and construction business.

**CANADIAN RESTRICTED LIST.** The SEC has added North West Pacific Developments, Ltd. to its Canadian Restricted List. The said list is comprised of the names of Canadian companies whose securities the Commission has reason to believe 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 financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide. (Release 33-4762)

**FREEDOM HOLDING CORP. PROPOSES OFFERING.** Freedom Holding Corporation, Freedom National Life Bldg., Salt Lake City, Utah, filed a registration statement (File 2-23123) with the SEC on January 28 seeking registration of 300,000 shares of Class A stock to be offered initially to stockholders and to policyholders of Freedom National Life Insurance Co. at \$3.1325 per share. Any shares that are not so purchased will be offered for public sale at the same price. Each of the shares will carry a warrant to purchase one Class A share, exercisable at \$5 per share. The offering is to be made on a best-efforts basis through the company president and vice president, who will receive a 10.5% selling commission. The company is also registering options to purchase 50,000 Class A shares, to be granted to persons who furnish to Freedom National Life the names of persons who may be interested in purchasing insurance. Also included in the registration statement are 97,185 Class A shares underlying warrants previously issued by the company and 217,800 Class A shares underlying outstanding options.

Organized under Utah law in March 1964, the company was formed for the purpose of acquiring 95% of the capital stock of Freedom National Life Insurance Company, a Utah corporation organized in 1951. It has entered into a contract to purchase such stock from the present holder thereof, Bankers Life and Casualty Co. The company has paid a total of \$205,000 on the purchase price and must make a final payment of \$399,725.60 by March 16, 1966. Net proceeds from the company's stock sale will be used to pay for such stock and to meet operating expenses of the company, the balance to be used to purchase a controlling portion of the outstanding stock of an existing life insurance company not presently known to the company. The company has outstanding 139,985 Class A and 220,300 Class B shares, after giving effect to a 5-for-1 split on December 23, 1964 of the \$10 par value Class A stock. Prior to the formation of the company, 25 persons subscribed for 42,800 Class A shares at \$2 per share and in June 1964 it made a public offering of 19,437 shares of its \$10 par value Class A stock at the price of \$11.75 per share. According to the registration statement, the company attempted to comply with certain provisions of the Securities Act of 1933 so as to exempt the offer and sale of the 42,800 shares from the registration requirements of the Act. However, since it did not restrict its prior public offering and is not restricting the offering presented hereby to residents of the State of Utah, the company has been advised that the sale of Class A shares to its incorporators, its previous public offering, and the present offering might be considered to be integrated, and that the exemption provided by Section 3(a)(11) of the Act for the earlier sales, if available, could be lost. In such event, the company would have a contingent civil liability to return to purchasers of such securities \$61,000, and the registration statement indicates that it does not presently have sufficient cash to liquidate the obligation. James A. Watson is president of the company.

**SCOT LAD FOODS FILES FOR OFFERING AND SECONDARY.** Scot Lad Foods, Inc., 1500 E. 97th St., Chicago, filed a registration statement (File 2-23129) with the SEC on February 1 seeking registration of 133,834 shares of common stock. Of this stock, 125,000 shares are to be offered for public sale by the company and 8,834 shares (being outstanding stock) by the present holders thereof. The offering is to be made through underwriters headed by Hayden, Stone Inc., 25 Broad St., New York. The public offering price (\$26 per share maximum\*) and underwriting terms are to be supplied by amendment.

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The company is engaged in the wholesale and retail distribution of grocery and dairy products and certain other non-food merchandise. Of the net proceeds from the company's sale of additional stock, \$3,000,000 will be used to repay short-term notes (issued in 1964 to finance the acquisition of a 5-store chain of supermarkets and to finance increased inventories at the company's enlarged Chicago warehouse), and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 759,810 common shares, of which management officials own 39%. According to the prospectus, there are 14 selling stockholders, including Fritz W. Wrenn, offering 6,000 of 11,173 shares and John W. Neff, offering his entire holdings of 2,258 shares. The remaining selling stockholders are offering shares ranging in amount from 30 to 276. Walter R. Schaub is board chairman and Roy B. Miner is president.

**RACING INC. FILES FINANCING PROPOSAL.** Racing Incorporated, 33 N. Seventh St., Stroudsburg, Pa., filed a registration statement (File 2-23131) with the SEC on January 29 seeking registration of \$840,000 of 6% convertible subordinated debentures, due 1975, and 50,000 shares of common stock. The debentures are to be offered for public sale at 100% of principal amount (in \$500 units) and the stock at \$5 per share. The offering is to be made through E. W. Cronau, a company director, who will receive a selling commission of \$37.50 on each \$500 debenture and \$.375 per share. The offering is conditional upon the sale of at least \$500,000 of the securities.

The company was organized under Pennsylvania law in 1957 to develop and operate the "Pocono International Raceway," an automobile racing center. The raceway is being constructed on approximately 1,025 acres of land in Long Pond, Pa., and is estimated to cost \$1,750,000. If the company is successful in selling securities aggregating only \$500,000 in this offering, it will use the proceeds to construct a portion of the raceway, completion of which is expected about August 1965 at an estimated cost of \$600,000. The company has outstanding 150,449 common shares, of which management officials own 48.6%. Of the outstanding stock, 54,667 shares were sold to 16 investors at \$3 per share; 51,536 shares were issued at \$3 per share to cancel notes; 1,000 shares were issued for services rendered. The balance was issued to cancel notes representing funds advanced to the company and expended in connection with the acquisition of the land and development of the raceway. David Montgomery, Jr., is president.

**ARIES CORP. FILES FOR OFFERING AND SECONDARY.** Aries Corporation, 7722 Morgan Ave. South, Minneapolis, Minn., filed a registration statement (File 2-23133) with the SEC on January 29 seeking registration of 112,100 shares of common stock. Of this stock, 50,000 shares are to be offered for public sale by the company through John G. Kinnard and Co., Inc., 740 Northstar Center, Minneapolis, Minn. (certain stockholders of the company have indicated that they may purchase up to 16,000 of such shares). The remaining 62,100 shares (being outstanding stock) may be offered for public sale by the present holders thereof from time to time in the over-the-counter market at the then current market price. The public offering price (\$2 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized under Minnesota law in January 1962, the company is engaged in furnishing mathematical analyses, system analyses, programming and system engineering required for the use of data processing equipment. Net proceeds from the company's sale of stock will be available for general corporate purposes, including working capital and whatever additional expenditures management may determine are needed in the future. In addition to indebtedness, the company has outstanding 218,000 common shares, of which management officials own 40.2%. The prospectus lists 18 selling stockholders, including Ronald L. York (director), Paul R. Vincent and Clayton C. Lisle, offering their entire holdings of 12,000, 10,500, and 6,000 shares, respectively, and Frederick W. Lang (president), offering 7,500 of 19,500 shares held. The remaining selling stockholders are offering stock ranging in amounts from 400 to 4,000 shares. Of the selling stockholders, 17 are employees of the company. All of the shares being offered by the stockholders were acquired at \$1 per share in November 1963.

**TRI-STATE FINANCE PROPOSES OFFERING.** Tri-State Finance Corporation, 2725 S. Colorado Blvd., Denver, filed a registration statement (File 2-23134) with the SEC on January 29 seeking registration of 500,000 shares of Class B common stock (non-voting). The stock is to be offered for public sale at \$5 per share through company officials and NASD members, who will receive a 15% selling commission.

Organized under Colorado law in 1963, the company is engaged in the small loan business. Net proceeds from its stock sale will be added to general funds. It is the present intention of the company to use funds substantially equivalent to such net proceeds for the purpose of providing capitalization for 13 additional subsidiaries. The company has outstanding 100,000 Class A and 310,700 Class B common shares, all of which were sold at \$1 per share. Richard C. Tucker is president.

**POTOMAC ELECTRIC FILES FOR OFFERING.** Potomac Electric Power Co., 929 E St., N. W., Washington, D. C. filed a registration statement (File 2-23138) with the SEC on February 1 seeking registration of 400,000 shares of serial preferred stock, series of 1965, to be offered for public sale. Dillon, Read & Co., Inc., 46 William St., New York, and Johnston, Lemon & Co., Southern Bldg., Washington, D. C., are listed as the principal underwriters. The public offering price (\$52 per share maximum\*) and underwriting terms are to be supplied by amendment. Net proceeds from the company's stock sale will be used to prepay its outstanding \$3,600,000 4 $\frac{1}{2}$ % bank loan (representing a borrowing made on December 10, 1964, for construction expenditures) and to provide a portion of anticipated construction expenditures, estimated at \$44,000,000 for 1965. In addition to indebtedness and preferred stock, the company has outstanding 18,303,033 common shares. Alfred G. Neal is board chairman and R. Roy Dunn is president.

**UNLISTED TRADING GRANTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-7526) granting (1) an application of the Boston Stock Exchange for unlisted trading privileges in the common stocks of King's Department Stores, Inc., and West Point Manufacturing Co. and (2) an application of the Philadelphia-Baltimore-Washington Stock Exchange for similar privileges in the common shares of Motorola, Inc., and Time, Inc.

**DELISTING GRANTED.** The SEC has issued an order under the Securities Exchange Act (Release 34-7526) granting an application of the New York Stock Exchange to strike from listing and registration the 5% preferred stock of International Railways of Central America, effective at the opening of business on February 5, 1965. According to the application, International's common stock was delisted on May 12, 1964, and its preferred stock, in the opinion of the Exchange, is no longer suitable for listing and dealings on the Exchange.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. The captions of the items are as follows:

- Item 1. Changes in Control of Registrant.
- Item 2. Acquisition or Disposition of Assets.
- Item 3. Legal Proceedings.
- Item 4. Changes in Securities.
- Item 5. Changes in Security for Registered Securities.
- Item 6. Defaults upon Senior Securities.
- Item 7. Increase in Amount of Securities Outstanding.
- Item 8. Decrease in Amount of Securities Outstanding.
- Item 9. Options to Purchase Securities.
- Item 10. Revaluation of Assets or Restatement of Capital Share Account.
- Item 11. Submission of Matters to a Vote of Security Holders.
- Item 12. Other Materially Important Events.
- Item 13. Financial Statements and Exhibits.

Copies of the reports may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with requested material when mailed.

Abbott Laboratories, Dec 1964 (3,13)		Pacific Finance Corp	
Air Products & Chemicals, Inc.(Del)., Dec 1964 (4,7,13)		Dec 64, (13)	2-15499-2
California Financial Corp., Dec 1964 (7)		Potomac Electric Power Co	
Gisholt Machine Co., Dec 1964 (4,13)		Dec 64, (3)	1-1072-2
Philip A. Hunt Chemical Corp., Dec 1964 (7)			
Merritt-Chapman & Scott Corp., Dec 1964 (8)		Mammoth Mart, Inc.	
Pittsburgh Steel Co., Dec 1964 (6)		Dec 64, (4,13)	2-22877-2
Rohr Corp., Dec 1964 (4,10,11,13)			
W. R. Grace & Co,		Giddings & Lewis Machine Tool Co	
Dec 64 (13)		Dec 64, (7)	2-3270-2
Capital Cities Broadcasting Corp.		Perfex Corp	
Amend #2 Sept 64 (It 7)	1-4278-2	Nov 64, (8)	2-5412-2
Far West Financial Corp.		Royal McBee Corp	
Amend #1 Dec 64 (It 9)	1-4923-2	Dec 64, (1,11)	1-1132-2
Textron Inc.			
Amend #1 Jun 64 (Its 7,13)	1-3684-2	General Acceptance Corp	
Vulcan Materials Co.		Dec 64, (7,13)	1-3453-2
Amend #1 Apr 64 (It 13)	1-4033-2	Glen Mfg. Inc.	
		Nov 64, (1)	2-16887-2
Horn Silver Mines Co.		Hygrade Food Products Corp	
Amend #2 Jun 64 (It 4)	1-2-2	Jan 64, (11)	1-318-2
		Nordon Corp. Ltd.	
Altamil Corp. (Del)		Amend #1 Dec 63, (2)	1-547-2
Amend #2 Sept 64 (Its 7,8)	1-4834-2	White Consolidated Industries, Inc.	
		Amend #1 Oct 64, (4)	1-826-2
Nordon Corp, Ltd.		Banner Mining Co	
Dec 63, (2,13)	1-547-2	Amend #1 Mar 63, (13)	1-3836-2
		United Board & Carton Corp	
McNeil Corp (Formerly: - McNeill Machine & Engineering Co)		Amend #1 Feb 63, (7)	1-2772-2
Dec 64, (11)	1-4496-2	Paul Hardeman, Inc (Mich)	
		Amend #1 Dec 64, (3,12)	1-596-2
		Real Properties Corp of America	
		Amend #1 Oct 64, (13)	1-4563-2
		Bergen Drug Co, Inc.	
		Amend #1 July 64, (4)	0-50-2

The B.V.D. Co. Dec 64, (2,12,13)	1-4620-2	Tel-A-Sign, Inc. Nov 64, (7)	1-4078-2
Hygrade Packaging Corp Dec 64, (2,7,13)	2-18821-2	Interlake Steel Corp. Dec 64, (2,4,7,11,12,13)	1-1068-2
Lockwood Grader Corp Dec 64, (1,4,7,8,12,13)	2-17561-2		
Citadel Industries, Inc. Dec 64, (2,8,12,13)	1-159-2	Metalfab, Inc. Sept 62, (11,13)	2-19223-2
		July 63, (4,13)	"
		Sept 63, (2,4,11,13)	"
Seeburg Corp Dec 64, (4,7,13)	1-4631-2	Sept 64, (11,13)	"
Hardan Liquidating Co Dec 64, (2,11,12,13)	1-4726-2	Allegheny Pepsi Cola Bottling Co. Dec 64, (1,2,7,12)	2-16681-2
Volume Merchandise Inc Dec 64, (7,13)	2-22886-2	Baltimore Transit Co Jan 65, (7,13)	1-2769-2
		GCA Corp Sept 64, (4,7,13)	1-4854-2
Canadian Williston Minerals Ltd. May 64, (11)	1-3781-2	Nov 64, (7,8,13)	"
Kennesaw Life & Accident Insurance Co. Dec 64, (2,7,13)	2-15835-2		
Murphy Finance Co. Dec 64, (11)	2-15948-2		

**PACIFIC NORTHWEST BELL TELEPHONE PROPOSES RIGHTS OFFERING.** Pacific Northwest Bell Telephone Company, Exchange Bldg., Seattle, Wash., today filed a registration statement (File 2-23136) with the SEC seeking registration of 2,311,486 shares of common stock. The stock is to be offered to stockholders at \$18.50 per share at the rate of one new share for each 14 shares held on March 2, 1965. According to the registration statement, the company expects American Telephone and Telegraph Co. to purchase 2,060,153 shares, which represent its pro rata portion of the offering.

The company was organized under Washington law in 1961 pursuant to a plan under which the business and properties of The Pacific Telephone and Telegraph were to be transferred to the company in exchange for common stock and a note of the company. Net proceeds from its stock sale will be used to repay advances from American Telephone and Telegraph Co. (approximately \$42,800,000), and the balance will be used for general corporate purposes, including property additions and improvements. The company's construction expenditures for 1964 were approximately \$75,000,000, and it is anticipated that such expenditures in 1965 will be substantially higher. In addition to indebtedness, the company has outstanding 32,360,815 common shares, of which American Telephone and Telegraph Co. owns 89.13%. W. W. Straley is president of the company.

**SECURITIES ACT REGISTRATIONS. Effective February 1:** Nuclear Corporation of America (File 2-23018).

**NEW REGISTRATIONS OF O/C COMPANIES.** Adirondack Industries, Inc., Dolgeville, N. Y. (File 0-21); Southwestern Electric Service Co., Dallas, Tex. (File 0-22).

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

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