

# 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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**R.D. IRWIN INC. FILES FOR OFFERING AND SECONDARY.** Richard D. Irwin, Inc., 1818 Ridge Road, Homewood, Ill., filed a registration statement (File 2-18476) with the SEC on July 10th seeking registration of 160,000 shares of common stock, of which 35,000 shares are to be offered for public sale by the company and 125,000 shares, being outstanding stock, by the present holders thereof. The offering will be made on an all or none basis through underwriters headed by A. G. Becker & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company is a publisher of college textbooks, specializing in business and economic subjects. Net proceeds from the company's sale of additional stock will be added to working capital and used for general corporate purposes. In addition to certain indebtedness, the company has outstanding (after giving effect to a 663-for-1 stock split in June 1961) 365,313 shares of common stock, of which Richard D. Irwin, board chairman, owns 199,563 shares and proposes to sell 68,287 shares, and Anne Marie Irwin owns 165,750 shares and proposes to sell 56,713 shares. Harry H. Bingham is listed as president.

**ROCKY MOUNTAIN NATURAL GAS FILES FINANCING PLAN.** Rocky Mountain Natural Gas Company, Inc., 1726 Champa Street, Denver, Colo., filed a registration statement (File 2-18475) with the SEC on July 10th seeking registration of \$1,500,000 of sinking fund debentures due 1981 (with attached 5-year warrants to purchase 150,000 common shares) and 150,000 shares of common stock, to be offered for public sale in 75,000 units, each consisting of \$20 of debentures (with an attached warrant to purchase 2 common shares) and 2 common shares. Merrill Lynch, Pierce, Fenner & Smith heads the list of underwriters. The interest rate of the debentures, exercise price of the warrants, public offering price of the units and underwriting terms are to be supplied by amendment.

Of the net proceeds from the sale of the units, \$2,000,000 will be applied to the Roaring Fork Project which will include construction of about 72 miles of transmission lines together with distribution lines and related facilities to serve natural gas to certain communities on the Western Slope of the Rocky Mountains, about 200 miles west of Denver; \$160,000 to the Tri-Town Project to serve certain towns 25 miles north of Denver; and the balance, together with proceeds from the exercise of the warrants, will be added to general funds. The company now has outstanding 349,101 common shares, of which management officials own 13%. Ernest C. Porter is board chairman and William A. Newton president.

**TEXTRON FILES STOCK OPTIONS.** Textron, Inc., 10 Dorrance Street, Providence, R. I., filed a registration statement (File 2-18477) with the SEC on July 10th seeking registration of 9,280 shares of common stock which underlie Restricted Stock Options granted to certain employees of Spencer Kellogg and Sons, Inc. pursuant to an Agreement of Reorganization between Spencer Kellogg and the company.

**INDUSTRY FUND OF AMERICA FILES FOR STOCK OFFERING.** Industry Fund of America, Inc., 400 Utah Savings Bldg., Salt Lake City, Utah, filed a registration statement (File 2-18478) with the SEC on July 10th seeking registration of 740,000 shares of common capital stock, to be offered for public sale at net asset value plus a sales charge of a maximum of 8 1/2%. The Estate Fund Management Corporation is listed as the Fund's principal underwriter and investment manager.

The Fund was organized under Nevada law in April 1961 and is a fully managed, diversified type, open-end investment company registered under the Investment Company Act of 1940. Its stated primary objective is to provide shareholders long-term growth of capital and income. Fred J. Bacon, Jr., D. Louis Broussard and J. Elmo Call are listed as president, first vice president and executive vice president, respectively, of the Fund and of its manager.

**"INTRASTATE" EXEMPTION CLARIFIED.** The SEC has issued a clarification of the so-called "intrastate" exemption from the registration requirement of the Securities Act afforded by Section 3(a)(11) thereof. The announcement emphasizes that the legislative history of Section 3(a)(11) "clearly shows that this exemption was designed to apply only to local financing of such a nature that it may practicably be consummated in its entirety within the single state in which the issuer is both incorporated and doing business." It further points out certain circumstances in which the exemption might be lost for the entire issue if any of the shares comes to rest in the hands of non-residents.

**POWELL SECURITIES REQUESTS HEARING.** The SEC, on request of Powell Securities Corporation, 63 Wall St., New York, has scheduled a hearing for July 13, 1961, in its New York Regional Office in proceedings under the Securities Exchange Act of 1934 to determine whether an application for broker-dealer registration filed by that company should be denied. The July 13th hearing will concern itself with the initial question whether the effective date of registration should be postponed pending decision on the ultimate question of denial.

OVER

**REPUBLIC AVIATION FILES FOR SECONDARY.** Republic Aviation Corporation, Farmingdale, L. I., New York, today filed a registration statement (File 2-18479) with the SEC seeking registration of 214,500 outstanding shares of common stock, to be offered for public sale by ACF Industries, Incorporated. Merrill Lynch, Pierce, Fenner & Smith heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the design, development, manufacture, sale and servicing of high speed airplanes, particularly military fighter planes for the U.S. Air Force, and the manufacture and sale of parts and ground support equipment for such planes. ACF Industries purchased the 214,500 shares in May 1960 from the estate of Paul Moore, one of the company's founders, primarily with a view to facilitating a possible merger or other amalgamation of the company and the selling stockholder. The prospectus states that after a thorough study, it was concluded that such action was not warranted. Accordingly, the selling stockholder determined to dispose of the shares and make available the funds realized for use in its own business.

In addition to certain indebtedness, the company has outstanding 1,443,298 shares of common stock, of which the selling stockholder owns and proposes to sell 14.86%, the underwriter owns 10.77% and management officials as a group 1.41%. Mundy I. Keale is listed as president.

**PLEAS ENTERED IN INSURANCE STOCK CASE.** The SEC Chicago Regional Office announced July 7th (LR-2057) that during the trial in Louisville (USDC) defendants Charles C. Bales and John C. Buckley, Jr., withdrew pleas of not guilty and entered pleas of nolo contendere to 20 counts of indictment charging violations of Securities Act anti-fraud provisions and 1 count charging conspiracy in the offer and sale of stock of Cardinal Life Insurance Company through Buckley Enterprises. Robert B. Hensley, Frank A. Logan, Sylvester H. Goebel and Dan A. Aldridge entered nolo pleas to five counts of a criminal information alleging similar violations.

**FARADYNE ELECTRONICS FILINGS CHALLENGED.** The SEC has instituted "stop order" proceedings under the Securities Act of 1933 which challenge the accuracy and adequacy of two registration statements filed by Faradyne Electronics, Inc., of Belleville, N. J. A hearing for the purpose of taking evidence therein is scheduled for July 24, 1961.

Faradyne was organized in June 1959 "to engage in the manufacture and distribution of high reliability materials, such as tungsten and molybdenum rod and core, and basic electronic components, including dielectric and electrolytic capacitors and precision tungsten wire forms." Under a registration statement which became effective November 30, 1959, it made a public offering of 200,000 common shares at \$5 per share. That statement represented that \$250,500 of the estimated \$806,000 net proceeds would be allocated to the Capacitor manufacturing division, \$75,000 to the Micro-Wire division, and \$50,000 for plant expansion and improvements, with the balance unallocated. It was further represented that Faradyne was "prepared to manufacture and market a plastic dielectric capacitor" within about six months and that it intended to "commence preparations for the manufacture and marketing of an electrolytic capacitor of the solid state tantalum slug capacitor type" but that "approximately 6 months will elapse before full production and market facilities of this capacitor can be completed." With respect to the Micro-Wire division, it was represented that said division "intends to design, develop and manufacture precision tungsten wire forms, including vacuum metalizing coils and heater coils for cathode-ray and electron tubes" and that Faradyne "has recently started a limited hand production of these wire forms."

On January 30, 1961, Faradyne filed a new registration statement which, as amended, proposed the public offering of \$2,000,000 of 6% Convertible Subordinated Debentures due 1976. This statement represented that the company would apply \$1,200,000 of the proceeds to the payment of a fixed obligation of its subsidiary, Mansol Ceramics Company and the balance would be devoted to working capital to be available for general corporate purposes. That statement has not become effective.

With respect to the earlier statement, the Commission asserts that the disclosures in the prospectus concerning the company's business and the intended use of the proceeds of the stock sale were materially false and misleading, including the failure to discuss the acquisition of partnership assets of Mansol Ceramics Company and the acquisition of Investment Casting Co., Inc., Magnetic Core Corp. (formerly Brian Metallics, Inc.) and Calitta Tungsten Corp., for which part of the proceeds actually were used. There also was an alleged failure to make proper disclosure of the interest of Manuel Brucker and Solomon Feldman, vice-president and treasurer, respectively, in the Mansol Ceramics partnership.

The Commission also challenges various disclosures in the pending statement relating to the proposed debenture offering, including (1) the failure to state clearly the extent to which the proceeds of the proposed offering would primarily benefit Brucker and Feldman and the fact that the risks of the enterprise would be borne primarily by public shareholders and purchasers of the debentures rather than by Brucker, Feldman and two other promoters, Bernard K. and Saul I. Birnbaum, board chairman and secretary, respectively, all of whom are substantial shareholders; and (2) failure to state clearly the facts regarding additional contingent payments of as much as \$2,500,000 which are payable to Brucker and Feldman for the Mansol Ceramic assets, which payments might be required regardless of the financial condition or earnings of Faradyne.

**SECURITIES ACT REGISTRATIONS.** Effective July 11, 1961: Alside, Inc. (File 2-18097); Harvey Aluminum (Inc.) (File 2-18125); Johnson and Johnson (File 2-18349); Long Island Lighting Co. (File 2-18239); Oceanarium, Inc. (File 2-18156); Oh, My Beloved Co. (File 2-17971); Outdoor Development Co., Inc. (File 2-18181); William H. Rorer, Inc. (File 2-18176); Slater Electric, Inc. (File 2-18136).