

**NEWS DIGEST**

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

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FOR RELEASE September 11, 1961

Statistical Release No. 1776. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended September 8, 1961, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1961 is as follows:

	1957-59 = 100		Percent Change	1961	
	9/8/61	9/1/61		High	Low
Composite	137.1	137.7	-0.4	138.2	118.3
Manufacturing	130.2	130.5	-0.2	131.0	113.0
Durable Goods	132.3	132.3	0.0	132.3	117.0
Non-Durable Goods	128.3	128.9	-0.5	130.5	109.2
Transportation	106.6	107.9	-1.2	109.4	97.8
Utility	168.0	169.7	-1.0	173.0	144.4
Trade, Finance & Service	166.2	167.1	-0.5	167.1	132.5
Mining	88.7	91.5	-3.1	99.5	83.3

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended September 7th, 30 registration statements were filed, 29 became effective, 4 were withdrawn, and 597 were pending at the week-end.

SEC ORDER CITES SHIELS SECURITIES OF PORTLAND. The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the anti-fraud and other provisions of the Federal securities laws have been violated by Shiels Securities, Inc., 516 Mead Building, Portland, Ore., in the offer and sale of securities of Guarantee Mortgage, Inc. ("Guarantee"), and, if so, whether its broker-dealer registration should be revoked and whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

Shiels Securities has been registered with the Commission as a broker-dealer since April 1960. Lawrence W. Shiels, Jr., is president and sole stockholder and Donald L. Tindall is vice president. During the period June 1960 to May 1961, Vernon E. Paulsen and Edward J. Singer were salesmen. During such period, according to the order, Shiels Securities and the four named persons ("respondents") were engaged in the offer and sale of debentures, Class A common stock and warrants to purchase Class A common stock of Guarantee. The Commission's order provides an opportunity for hearing on the question whether, in the offer and sale of Guarantee securities, the respondents "engaged in acts, practices and a course of business which operated as a fraud and deceit" upon investors, in particular whether: (1) for the purpose of raising the prices of said securities and inducing their purchase by others, (a) Shiels (who is president and controlling stockholder of Guarantee) caused Guarantee to declare dividends on its Class A stock which resulted in a depletion of capital by reason of inadequate earned surplus, (b) Shiels Securities purchased said securities for its own account at successively higher prices, and (c) respondents induced investors to sell certain of said securities at certain prices and contemporaneously induced others to purchase the same securities at higher prices, without disclosing to either the inconsistent advice being given the other; (2) respondents induced others to purchase Guarantee securities at the successively higher prices to which they had been raised by the activities of Shiels Securities, without disclosing that the market price of the securities had been artificially raised by such activities; (3) Shiels Securities induced certain persons to purchase Guarantee securities at prices far in excess of the contemporaneous cost thereof to Shiels Securities, thereby obtaining unreasonable and excessive profits; and (4) respondents made false and misleading representations with respect to Guarantee and its securities, including representations that Guarantee was very successful and that Guarantee stock was paying 8 to 9 percent and would yield 10%, that there was not much risk in an investment in the stock, and that the price of the stock was going up rapidly.

The hearing for the purpose of taking evidence with respect to the foregoing will be held at a time and place later to be announced.

CHEMIL CAPITAL SEEKS ORDER. Chemil Capital Corporation, New York, has applied to the SEC under the Investment Company Act for an order declaring that it has ceased to be an investment company; and the Commission has issued an order (Rel IC-3323) giving interested persons until September 25th to request a hearing thereon.

MISSISSIPPI P & L SEEKS ORDER. Mississippi Power & Light Company, Jackson, has applied to the SEC for an order under the Holding Company Act with respect to a proposed earned surplus transfer; and the Commission has issued an order (Rel 35-14509) giving interested persons until October 6th to request a hearing thereon. Under the proposal, the said company will transfer from its earned surplus to its common stock capital account an aggregate of \$2,850,000, which is equivalent to \$1 per share on its outstanding common stock and will increase the common stock capital account to \$42,750,000. At July 31st the

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company's earned surplus amounted to \$5,964,387.

**GPU INTRASYSTEM TRANSFERS APPROVED.** The SEC has issued an order under the Holding Company Act (Rel 35-14510) authorizing a transfer of properties by and between two subsidiaries of General Public Utilities Corporation, New Jersey Power & Light Company and Jersey Central Power & Light Company (both of Morristown), as follows: the former will sell to the latter (a) the "Whippany-Roseland right-of-way" for \$88,506.49 in cash and (b) a segment of the "Mercer-Larrabee right-of-way" for \$71,100.62 in cash.

**SEC ORDER CITES ASSOCIATED UNDERWRITERS.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Associated Underwriters, Inc. ("Registrant"), of 3625 Lee Avenue, Little Rock, Ark., falsified reports to the Commission or otherwise violated provisions of that Act and rules of the Commission thereunder and, if so, whether its broker-dealer registration should be revoked.

Registrant filed its application for registration as a broker-dealer on May 16, 1961, and registration became effective June 15, 1961. Aychel Denton Barnett is listed as president. The Commission's order provides an opportunity for hearing on the question (a) whether Registrant's application for broker-dealer registration became inaccurate subsequent to May 12, 1961, when two officials named therein, Aubry L. Andrews (vice president and director) and Archie J. Coates (secretary and director) ceased to serve as such officials and Registrant failed to amend its application to correct such inaccuracies; (b) whether the said registration application became inaccurate about May 12, 1961, when Coates refused to honor his oral agreement to purchase 5,000 shares of Registrant's stock and Registrant failed to file an amendment to its application to correct a statement therein that Coates was beneficial owner of 10% or more of such stock; (c) whether the registration application was false and misleading with reference to a statement therein that Barnett had not been connected with any broker-dealer firms within the past 10 years; (d) whether a report of financial condition filed as a supplement to the registration application was false and misleading with reference to its showing of \$2,000 cash in a bank and \$250 of furniture and fixtures when, in fact, Registrant did not own the furniture and fixtures and prior to the filing of the statement \$1,980 was withdrawn from the bank and used for noncorporate purposes; and (e) whether Registrant failed to make and keep current certain books and records as required by Commission rules.

A hearing for the purpose of taking evidence on the foregoing will be at a time and place later to be announced.

**JAPAN DEVELOPMENT BANK PROPOSES BOND OFFERING.** The Japan Development Bank, of Tokyo, Japan, filed a registration statement (File 2-18854) with the SEC on September 8th seeking registration of \$20,000,000 of Guaranteed External Loan Bonds, to be offered for public sale in four series (5% to 6% interest) due from 1964 to 1976. The offering will be made on an all or none basis through underwriters headed by The First Boston Corporation, Dillon, Read & Co. Inc. and Smith, Barney & Co. The public offering price and underwriting terms are to be supplied by amendment.

The Bank was organized in 1951 as a Japanese Government financial institution to supply long-term funds to Japanese industry for the promotion of economic reconstruction and industrial development, supplementing and encouraging the credit operations of private financial institutions. Its capital is wholly owned by the Government of Japan. Net proceeds from the bond sale will be converted in Japanese yen and will be used to make loans in Japanese currency to certain of the leading private electric power companies in Japan. The companies receiving such loans will agree to use the proceeds for the construction of thermal electric power facilities in various parts of Japan.

**COMMERCIAL CREDIT FILES EXCHANGE OFFER.** Commercial Credit Company, 300 St. Paul Place, Baltimore, filed a registration statement (File 2-18855) with the SEC on September 8th seeking registration of 372,256 shares of 4½% cumulative convertible preferred stock, \$100 par, and 372,256 shares of \$5 par common stock. The company proposes to offer 1 share of the preferred and 1 share of the common in exchange for each three outstanding shares of the common stock of The City Loan and Savings Company, of Ohio. Acquisition of the City Loan stock would accomplish Commercial Credit's objective of expanding in the field of so-called personal loans. If the offer is accepted by holders of all the 1,116,766 shares of City Loan stock, Commercial Credit will issue a maximum of 372,256 preferred and 372,256 common shares. As of August 1st, members of the family of John T. Schoonover, Founder of City Loan, as a group, owned 17.8% of the outstanding City Loan common stock. On the same date, E. B. Timmermeister and members of his family, as a group, and A. D. MacDonell and members of his family, as a group, owned, respectively 9.2% and 8% of such stock. Commercial Credit now has outstanding 10,258,362 common shares in addition to various indebtedness.

**EMAC DATA PROCESSING PROPOSED OFFERING.** EMAC Data Processing Corporation, 46-36 53d Ave., Maspeth, N. Y., filed a registration statement (File 2-18856) with the SEC on September 8th seeking registration of 100,000 shares of common stock, to be offered for public sale at \$2.50 per share. The offering will be made on a best efforts basis by M. W. Janis Company, Inc., for which it will receive a selling commission of \$.3125 per share plus \$15,000 for expenses. Also included in the statement are an additional 25,000 common shares to be sold to M. W. Janis at 1¢ per share, plus 9,000 shares to be sold at 1¢ per share to George Turchin as a finder's fee.

The company (formerly Electronic Machine Accounting Corp.) is engaged in the electronic data processing service business. The \$195,000 estimated net proceeds of this financing will be used for the purchase or rental of additional data processing equipment, employment of salesmen, sales promotion, rent, furniture and working capital.

The company now has outstanding 122,222 common shares, of which 40% each is owned by Allan A. Fink and Alan Warner, president and secretary-treasurer, respectively, and 20% by Jerold Nabridge, vice-president.

The current book value of the outstanding shares, \$.0302 per share, will be increased to \$.026 per share if the additional stock is sold.

**BINNEY & SMITH FILES FOR SECONDARY.** Binney & Smith Inc., 380 Madison Ave., New York, filed a registration statement (File 2-18857) with the SEC on September 8th seeking registration of 171,038 outstanding shares of its common stock, to be offered for public sale by the holders thereof on an all or none basis through underwriters headed by Lee Higginson Corporation. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of educational art materials. It has outstanding 50,000 shares of 10% Series A preferred stock and 911,864 shares of common stock, of which management officials as a group own 25% and 21.2%, respectively. The prospectus lists A. F. Kitchel as board chairman and J. M. Hamilton as president. The largest block, 446,200 shares, is owned by A. F. Kitchel and Arthur E. Roberts, Successor Trustees under the Will of Edwin Binney, Deceased. The list of 13 selling stockholders includes Edwin Binney, 3d, 21,945 shares being sold; A. F. Kitchell, 11,000; Helen Binney Kitchel, 29,901; and Dorothy B. Palmer, 30,249.

**TROPICAL GAS FILES FOR RIGHTS OFFERING.** Tropical Gas Company, Inc., 2151 Le Jeune Road, Coral Gables, Miami, Fla., filed a registration statement (File 2-18858) with the SEC on September 8th seeking registration of 135,000 shares of common stock. It is proposed to offer such stock to common stockholders at the rate of one share for each six shares held. Gore, Forgan & Co. heads the list of underwriters. The record date, subscription price and underwriting terms are to be supplied by amendment.

Of the net proceeds from the stock sale, which is part of a financing which includes the issuance of \$800,000 of notes, \$3,005,000 will be used to retire debt, which includes \$2,700,000 of 5-5/8% notes due December 1, 1970 and the current portion of other bank loans and notes payable aggregating \$305,000 incurred in the acquisition of five small companies in Nicaragua, Guatemala and Honduras, and the balance of the funds will be added to the general funds of the company.

In addition to certain indebtedness and preferred stock, the company has outstanding 805,943 shares of common stock, of which Yale University owns beneficially 16.34% and management officials as a group 8.2%. Fred H. Billups is listed as president. Pursuant to said financing, the company's wholly-owned subsidiary, Southeastern Natural Gas Corp., a Florida company, will issue \$3,700,000 of notes, the proceeds of which will be used to exercise an option to acquire the business of Gas-Oil Products, Inc. of Florida (\$1,800,000), to retire advances from the company (\$550,000, of which \$200,000 was advanced for the purchase of said option), and to retire bank debt incurred in connection with the acquisition of the assets of Green's Fuel Gas Service of Fort Myers, Inc. (\$1,350,000). Total purchase price of Gas-Oil products is \$2,000,000.

**KORFUND FILES FINANCING PLAN.** Korfund, Incorporated, 16 East 34th Street, New York, filed a registration statement (File 2-18859) with the SEC on September 8th seeking registration of \$600,000 of 6 1/2% convertible subordinated debentures due 1971 (convertible into 150,000 common shares, initially at \$4 per share) and 180,000 shares of common stock, to be offered for public sale in units, each consisting of \$100 of debentures and 30 common shares. Of the 180,000 shares, 40,000 shares are to be offered by the company and 140,000 shares, being outstanding stock, by Massachusetts Mohair Plush Company, Inc., sole stockholder. Street & Co., Inc., heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes 50,000 outstanding common shares to be sold by the selling stockholder to the underwriters for \$175,000 of notes, 10,000 shares to Sidney Stein and Leo Davis, the finders, at \$2 per share, and 34,000 shares to certain persons unassociated with the company at \$2 and \$2.10 per share.

The company was organized under Delaware law in June 1961 to acquire all of the outstanding stock of The Korfund Company, Inc., Cork Foundation Company, Inc., New York companies, and The Korfund Company (Canada) Ltd., from its parent. The company (including such subsidiaries) manufactures and distributes a complete line of vibration, shock and noise control products and acts as exclusive United States distributor for several European manufactures of electronic and mechanical instruments. Its markets are diversified, ranging from industrial plants of all types to the building construction field and marine, missile, and other defense industries. The net proceeds from the company's sale of additional stock and debentures will be used for repayment of an existing loan on inventory and for repayment of an existing mortgage on machinery and equipment in the combined amount of about \$135,397, and the balance will be used to provide additional working capital.

In addition to certain indebtedness, the company has outstanding 800,000 shares of common stock, all of which is owned by the parent, which proposes to sell the 140,000 shares. Ernest V. Horvath is listed as board chairman of the company and George A. Horvath as president. They are also treasurer and secretary respectively, of the parent.

**CITIZENS LIFE OF N.Y. FILES FOR OFFERING AND SECONDARY.** Citizens Life Insurance Company of New York, 33 Maiden Lane, New York, filed a registration statement (File 2-18860) with the SEC on September 8th seeking registration of 147,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 47,000 shares, being outstanding stock, by Citizens Casualty Company of New York. The offering will be made on an all or none basis through underwriters headed by A. G. Becker & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the business of writing ordinary life insurance on a participating and non-participating basis, and group life and group credit life insurance. Net proceeds from the company's sale of additional stock will be added to general funds. It is expected that these proceeds will be invested in income producing securities and mortgages and will permit the company to expand its business by enlarging its sales force, extending its territory and increasing the maximum amount of insurance which it may retain on any one life insured from \$25,000 to \$50,000.

The company has outstanding 400,000 shares of common stock, of which Citizens Casualty owns 227,188 shares (56.8%) and proposes to sell the 47,000 shares. Harry Hyman is listed as board chairman, Jack Hyman as president, and Harold Davis as vice president. They and their families own an aggregate of 52.8% of the outstanding stock of Citizens Casualty.

**ALLIED RESEARCH FILES FINANCING PLAN.** Allied Research Associates, Inc., 43 Leon Street, Boston, filed a registration statement (File 2-18861) with the SEC on September 8th seeking registration of \$812,500 of 5% subordinated notes due 1966 and 487,500 shares of common stock, to be offered for public sale in units, each consisting of a \$25 note and 15 shares. The units are to be offered at \$40 per unit on an agency, all or none basis by Smith, Barney & Co. Incorporated. The underwriting terms are to be supplied by amendment. The company is obligated to sell partners of the underwriter for \$4,875, a five-year warrant to purchase 19,500 common shares at \$1 per share.

The company was organized under Delaware law in July 1961 to purchase the business conducted by Allied Research Associates, Inc. (ARA), a Massachusetts company. On August 2, 1961, the company acquired substantially all of the properties and assets of that corporation, except claims for Federal income tax refunds and certain accounts receivable from The Boeing Company, the sole stockholder of ARA, in consideration of the company's five-month note in the amount of \$1,000,000, an agreement of the company to grant to ARA a five-year warrant to purchase 36,563 shares of common stock of the company at \$1 per share and the assumption by the company of liabilities of ARA except advances from Boeing and certain other liabilities. The company is engaged in research, development and instrumentation in a variety of scientific fields. These services, provided to the armed services, other Governmental agencies and private industry, include analytical research, experimentation, and the development and fabrication of instrumentation and equipment resulting from the company's research activities. Of the net proceeds from the sale of the units, \$1,000,000 will be used to pay the company's five-month note delivered in connection with the acquisition of ARA and the balance used for working capital.

In addition to certain indebtedness, the company has outstanding 1,000 shares of common stock, which were issued to organizers. Such shares will be repurchased by the company at \$1 per share, contemporaneously with the sale of the units. Joseph Kelley, Jr. is listed as president.

**JOHNSON ELECTRONICS FILES FOR STOCK OFFERING.** Johnson Electronics, Inc., Post Office Box 7, Casselberry, Florida, filed a registration statement (File 2-18862) with the SEC on September 8th seeking registration of 125,000 shares of capital stock, to be offered for public sale on an all or none basis through underwriters headed by Warner, Jennings, Mandel & Longstreth. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes (1) 30,150 outstanding shares purchased by the underwriter from Eugene S. Johnson, board chairman, at \$1 per share, (2) 12,500 shares underlying five-year warrants, exercisable at the offering price, and (3) 17,500 shares issuable upon conversion of certain outstanding debentures.

Prior to 1958, company was primarily a manufacturer of intermediate frequency and radio frequency coils, flyback transformers and other similar radio tuning coils used almost exclusively in the home radio and television industry. According to the prospectus, this field was highly competitive and company suffered losses. In 1958 the company embarked upon a program emphasizing the design and production of special electronic components for use in certain aspects of the commercial and military market. In connection with this new program the company developed a line of miniature and subminiature transformers and coils. In the fiscal year ended March 31, 1961, the company lost \$122,973, and its accumulated deficit at June 30, 1961 was \$172,866. The net proceeds from the stock sale will be used to pay the principal underwriter for advances made in June 1961 (\$115,000) and to repay bank loans, the proceeds of which were used to pay operating liabilities of the company including payroll and overdue payables. The balance will be used to pay operating liabilities and to provide additional working capital.

In addition to certain indebtedness, the company has outstanding 103,875 shares of common stock (with a book value of 29¢ per share) of which the principal underwriter owns 29.1%, and Johnson, 10.1%. Ralph L. Weber is listed as president.

**BARTLETT PETROLEUM ENJOINED.** The SEC Fort Worth and Atlanta Regional Offices announced September 6th (LR-2098) the entry of a Federal court order (USDC Ft. Worth) permanently enjoining Bartlett Petroleum Company, Inc., and John W. Bartlett, Jr., its president, from further violations of the Securities Act registration requirements in the sale of oil interests.

**SECURITIES ACT REGISTRATIONS.** Effective September 11: I. Gordon Realty (File 2-18335); Planned Investment Fund, Inc. (File 2-16931); Royal School Laboratories, Inc. (File 2-18359); Vacu-Dry Company (File 2-18384); Washington Engineering Services Company (File 2-18421).  
Withdrawn September 11: Diamond Alkali Company (File 2-18436).