

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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PROPOSED CUSTER CHANNEL WING 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 proposed stock offering by Custer Channel Wing Corporation, 1905 West Washington St., Hagerstown, Md.

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding \$300,000 in amount. In a notification filed August 8, 1960, the said company ("Custer") proposed the public offering of 561,700 shares of 5¢ par Class B non-voting common stock at 50¢ per share pursuant to such an exemption. The Commission's suspension order asserts, among other things, that certain conditions of Regulation A have not been complied with, that Custer's offering circular is false and misleading in respect of various material facts, and that the offering would violate Section 17(a) (the anti-fraud provision) of the Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The misrepresentations alleged in the Commission's order relate to information in the Custer offering circular concerning the development, manufacture and marketing of aircraft embodying a "new" wing design when, in fact, the design has been proposed and under development since 1940; the failure to disclose the history of such development in reasonable detail; the failure to indicate that during the fifteen year period the proposed aircraft has been under development by Custer, its predecessors and subsidiaries, sums aggregating several hundred thousand dollars were raised through the sale of securities, to disclose how such sums were expended and the reasons why a salable aircraft has not been fully developed, or to disclose Custer's previous unsuccessful efforts to market the aircraft and the fact that the aircraft was demonstrated to the military and that no interest was shown or orders taken; the failure to describe the patents pertaining to the wing, to disclose that applications filed in 1953 and 1954 with the predecessor of the Federal Aviation Agency were not completed and have since been abandoned, or to furnish an estimate of the amount required to secure FAA certification of the aircraft proposed to be manufactured; statements that the break-even point will be reached at approximately the fifteenth aircraft produced, that the company has "firm" orders for twenty aircrafts, and that \$208,850 will be enough to commence actual manufacture of aircraft to fill outstanding orders; the failure to disclose that the market price of the Class B stock is substantially lower than the public offering price; and the failure to include financial statements prepared in accordance with generally accepted accounting principles.

PENNSYLVANIA POWER ISSUE OF BONDS CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14341) authorizing Pennsylvania Power Company, New Castle, Pa., to issue \$878,000 of its First Mortgage Bonds, 3½% Series due 1982, for sinking fund purposes.

MISSISSIPPI POWER ACQUISITION CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14342) authorizing Mississippi Power Company, Gulf Port, Miss., to purchase up to 5,500 shares of the \$10 par common stock of Mississippi Business and Industrial Development Corporation at \$10 per share.

EASTERN UTILITIES NOTE ISSUANCE CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14343) authorizing Eastern Utilities Associates, Boston holding company, to issue promissory notes to banks in payment of \$2,775,000 of outstanding notes. The order also authorizes the issuance of bank notes by EUA subsidiaries, Blackstone Valley Gas and Electric Company and Montaup Electric Company, in the respective amounts of \$4,000,000 and \$2,500,000, respectively. The subsidiaries will use the funds to pay short-term notes and to meet 1961 cash requirements for construction purposes.

MISSISSIPPI POWER & LIGHT ASSET EXCHANGE CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14344) authorizing Mississippi Power & Light Company, Jackson, Miss., to transfer to North Central Mississippi Electric Power Association, all of the company's electric distribution facilities and two office buildings located in Marshall County and in about 105 sq. miles of an adjacent area in the eastern part of DeSota County, Miss., consisting of a distribution system and related properties. In exchange and as consideration for such property, the Association will transfer to the company 289 miles of distribution system in western DeSota County and in Tate County, Miss., an office building in Coldwater, Miss., and \$820,000 cash.

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For further details, call WOrth 3-5526

PEOPLES NATURAL GAS ACQUISITION APPROVED. The SEC has issued an order under the Holding Company Act (Release 35-14345) authorizing The Peoples Natural Gas Company, of Pittsburgh, Pa., to acquire all the assets of The Union Heat and Light Company, Grove City, Pa. To effectuate such acquisition, Peoples' parent, Consolidated Natural Gas Company, will issue to Union 23,000 shares of Consolidated stock valued at \$45 per share, or an aggregate of \$1,035,000. Such shares will be distributed by Union to its stockholders and Union will dissolve. Peoples will assume all of Union's liabilities and issue to Consolidated 10,350 shares of its \$100 par capital stock.

NOTICE ISSUED ON NATIONAL RESERVE ASSOCIATION. The SEC has published notice of a proposal (Release 40-3170) to declare that National Reserve Association, Inc., of Fremont, Mich., has ceased to be an investment company, the notice giving interested persons until January 13, 1961, to request a hearing thereon. It appears that the company filed an application under the Investment Company Act in 1942, later withdrawn, and that it never issued any securities or began operation.

GIBCO EXEMPTION EXTENDED. The SEC has issued an order under the Holding Company Act (Release 40-3171) granting a request of Gibco, Inc., Greenville, Mich., investment company, for a year's extension to December 31, 1961, of a previous order of the Commission exempting Gibco from the requirements of Section 30 of the Act, except Section 30(d), and from the necessity of filing a registration statement as required by Section 8(b) of the Act, subject to certain conditions.

MARYLAND CUP FILES FOR OFFERING AND SECONDARY. Maryland Cup Corporation, 1100 South Eutaw Street, Baltimore, Maryland, filed a registration statement (File 2-17428) with the SEC on December 29, 1960, seeking registration of 235,100 shares of common stock, of which 21,372 shares are to be offered for public sale by the company and 213,728 shares, being outstanding stock, by the present holders thereof. Lehman Brothers heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of paper cups, drinking straws, paper book matches, ice cream cones and plastic containers. The net proceeds from the sale of additional stock by the company will be applied toward the cost (estimated at \$500,000) of additional equipment for the manufacture of plastic containers in Massachusetts. Any balance of the cost over and above the net proceeds for such equipment will be paid from company funds.

In addition to certain indebtedness and preferred stock, the company has outstanding 2,088,094 shares of common stock, after giving effect to a ten-for-one stock split as of November 1, 1960. All of the common stock is presently owned by members of the Shapiro family, trusts created for the benefit of certain members of the family, subsidiaries of the company and family partnerships. Included in the list of 18 selling stockholders are Joseph Shapiro, board chairman, who owns 142,317 shares and proposes to sell 16,507 shares, Albert Shapiro, a vice president, who owns 125,339 shares and proposes to sell 7,739 shares, and Arthur H. Shapiro, president, who owns 117,242 shares and proposes to sell 8,246 shares.

POLYCHROME FILES FOR OFFERING. Polychrome Corporation, 2 Ashburton Avenue, Yonkers, N. Y., filed a registration statement (File 2-17427) with the SEC on December 29, 1960, seeking registration of 125,000 shares of common stock, to be offered for public sale through a group of underwriters headed by Westheimer and Company. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the design and manufacture of (1) offset supplies, including presensitized paper offset plates, presensitized aluminum offset plates, direct image offset plates, offset printing inks, chemicals and accessories, and (2) mimeograph stencils, mimeograph inks and accessory supplies. The net proceeds from the stock sale will be used as follows: \$300,000 for establishing new facilities for the manufacture of aluminum plates and for the development of a new plate tentatively known as "Plykote"; \$150,000 to increase the sales staff and offices; \$250,000 to manufacture new chemical and allied products, including but not limited to photographic chemicals; and the balance will be added to general funds and used for general corporate purposes.

In addition to certain indebtedness, the company has outstanding 304,000 shares of common stock, of which Gregory Halpern, board chairman and president, owns 250,000 shares and management officials as a group 268,750 shares.

VAPOR HEATING CORP. SHARES IN EXCHANGE OFFER. Vapor Heating Corporation, 80 East Jackson Blvd., Chicago, filed a registration statement (File 2-17429) with the SEC on December 29, 1960, seeking registration of 211,534 outstanding shares of common stock. This stock is owned by American Manufacturing Company, Inc., having been acquired upon the merger of Safety Industries, Inc., into American on January 22, 1960. American proposes to offer the Vapor shares in exchange for the issued and outstanding shares of common and Class A stock of American, the rates of exchange to be supplied by amendment. Vapor now has outstanding 741,482 shares of common stock; and the 211,534 shares the subject of this exchange offer constitute all of American's holdings.

TEXAS GAS TRANSMISSION PROPOSES OFFERING. Texas Gas Transmission Corporation, 416 West Third St., Owensboro, Ky., today filed a registration statement (File 2-17435) with the SEC seeking registration of 300,000 shares of common stock, to be offered for public sale through underwriters headed by Dillon, Read & Co., Inc. The initial public offering price will be related to the current market at the time of the offering; and the terms of the underwriting will be supplied by amendment.

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The company owns and operates an interstate pipeline system in Louisiana, Arkansas, Mississippi, Tennessee, Kentucky, Illinois, Indiana and Ohio. A wholly-owned subsidiary is engaged in the exploration for and the production of natural gas and oil, primarily in the Louisiana and Texas Gulf Coast area, and has a 50% interest in an extraction plant near Eunice, La. Net proceeds of the sale of additional stock will be used by the company to defray, in part, the estimated cost (\$27,000,000) of its 1961 expansion and construction program. Of such amount, \$17,000,000 represents the estimated cost of new facilities to meet the projected requirements of certain customers for the winter heating season of 1961-62; and the balance represents the estimated cost of the company's new general office building in Owensboro (\$4,500,000), of expenditures in expanding its underground storage facilities (\$3,900,000), and for normal additions to pipeline system (\$1,600,000).

In addition to various indebtedness, and preferred stock, the company now has outstanding 2,958,581 shares of common stock. The prospectus lists Henry L. Hillman as board chairman and W. M. Elmer as president. Of the outstanding common stock, 25.6% is owned by J. H. Hillman & Sons Company, of Pittsburgh, which is directly or indirectly controlled by Henry L. Hillman and other members of the Hillman family.

LEE WILSON ENGINEERING FILES FOR SECONDARY. Lee Wilson Engineering Company, Inc., 20005 Lake Road, Rocky River, Ohio, today filed a registration statement (File 2-17436) with the SEC seeking registration of 67,500 outstanding common shares. These shares represent part of the 210,000 shares owned by Margaret S. Wilson, the wife of Lee Wilson, board chairman; and she proposes to offer the 67,500 shares for public sale through Prescott, Shepard & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company produces equipment for treating flat rolled steel and rod and wire in a variety of ways, including chemical change through gas alloying and physical change through thermal treating. Its newly developed open coil process is said to make commercially available for the first time a method of changing the chemical composition of flat rolled steel. Of the 450,000 outstanding shares, 30,000 are owned by Lee Wilson and 240,000 shares are held by him as voting trustee (including the 210,000 owned beneficially by Mrs. Wilson). An additional 210,000 shares are held by trustees for the benefit of Nancy Lee Wilson Malm.

CANTERBURY FUND PROPOSES OFFERING. Canterbury Fund, Inc., 55 Green Village Road, Madison, N. J., filed a registration statement (File 2-17430) with the SEC on February 29, 1960, seeking registration of 150,000 shares of capital stock. The Fund has been organized to serve principally investment clients of Fiduciary Counsel, Inc. and its subsidiary, The Estate Planning Corporation. The prospectus lists Charles R. Hook as board chairman, Clinton Davidson as president, and The Estate Planning Corporation as principal investment adviser. The latter's parent, Fiduciary Counsel, will furnish it with research reports and other analytical material. The said parent is a wholly-owned subsidiary of Townsend Management Corporation, 59% of whose outstanding stock is held in a voting trust of which Davidson and Raymond E. Hartz, vice president of the Fund, are the voting trustees. The Estate Planning Corporation also will serve as the principal underwriter of the Fund's shares.

ROBLIN-SEAWAY INDUSTRIES PROPOSES OFFERING. Roblin-Seaway Industries, Inc., 1437 Bailey Ave., Buffalo, N. Y., filed a registration statement (File 2-17432) with the SEC on December 29, 1960, seeking registration of 80,000 shares of Class A stock, to be offered for public sale at \$6 per share. The offering is to be made on an all or none basis through underwriters headed by Brand, Grumet & Seigel, Inc., who will receive a commission of 60¢ per share. The company also has agreed to sell 10,000 Class A shares to the underwriters for 25¢ per share, and 2,000 at the same price to Gerlad Berkman as a finder's fee.

Organized under New York law in December 1960, the company will be consolidated with Roblin, Incorporated, and Seaway Steel Corporation in 1961 and will carry on the businesses of those companies. Roblin is engaged in the purchase and sale of scrap steel and other ferrous and non-ferrous metals, while Seaway operates a rolling mill which produces bars, rods and other shapes of steel and nickel. The company also has or will have interests ranging from 50% to 76% in a demolition contractor, a lessor of demolition equipment, a stevedoring business, a metals broker and a manufacture of rolled nickel anodes and other rolled nickel products. Net proceeds of the sale of stock by Roblin-Seaway will be added to its general funds and be available for its general corporate purposes, including increased working capital. From these funds the company will pay a \$173,280 bank loan; and it also intends to purchase additional annealing furnaces for the rolling mill operated by Seaway in order to increase its annealing capacity, at a cost estimated at \$50,000.

In addition to certain indebtedness, the company has outstanding 145,040 shares of common stock. The prospectus lists Raymond L. Morrison as board chairman and Daniel A. Roblin, Jr., as president. Stock holdings by management officials are to be supplied by amendment.

STORER BROADCASTING FILES FOR SECONDARY. Storer Broadcasting Company, 1177 Kane Concourse, Miami Beach, Fla., today filed a registration statement (File 2-17433) with the SEC seeking registration of 263,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof through an underwriting group headed by Reynolds & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company owns and operates directly or through subsidiaries five television broadcast stations, seven standard radio broadcast stations, and six frequency modulation radio broadcast stations; and it also publishes a daily newspaper in Miami Beach, Fla., through a subsidiary and owns a majority of the voting stock of The

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Standard Tube Company, manufacturer of steel tubing and other tubular products. The company now has outstanding 975,060 shares of common stock and 1,499,690 shares of Class B common stock. George B. Storer, president and board chairman, owns 1,086,340 shares (72.38%) of the Class B stock; and the Storer family, including the president's brother-in-law and sister (Mr. and Mrs. J. Harold Ryan), and certain trusts, own 99.67% of the Class B stock outstanding. All of the 263,000 common shares being sold are shares into which a like number of Class B shares will be converted. George B. Storer proposes to sell 160,000 shares; The Detroit Bank and Trust Company, as trustee under agreements with George B. Storer, 50,000; and the Ryans, 50,000. Ryan is senior vice president of the company.

RALPH HOCKER NAMED ASSISTANT DIRECTOR. SEC Chairman Edward N. Gadsby today announced the appointment of Ralph C. Hocker as an Assistant Director of the Commission's Division of Corporation Finance (U-299). Mr. Hocker succeeds Harry Heller, who recently resigned to enter private law practice. As Assistant Director, Mr. Hocker will supervise three branches engaged in the examination of registration statements, preliminary proxy statements, annual reports, and other documents for compliance with the full disclosure requirements of the Federal securities laws. Mr. Hocker joined the Commission's staff in August 1939 as a financial examiner and has held progressively more responsible positions on the Staff, including that of Chief, Branch of Corporate Analysis and Examination, since September 1957. A native of Purcell, Okla., where he was born on September 27, 1915, Mr. Hocker received his B.S. in Business Administration in 1937 from the University of Oklahoma and his M.A. degree from the Fletcher School of Law and Diplomacy in Medford, Mass., in 1939.

PARIBAS CORP. SEEKS EXEMPTION. Paribas Corp. of New York City, has applied to the SEC for exemption from the Investment Company Act of 1940; and the Commission has issued an order (Release No. 40-3172) giving interested persons until 12:30 P.M., January 13, 1961 to request a hearing thereon.

Paribas was organized in October, 1960 at the instance of Banque de Paris et des Pays Bas, S. A. ("Banque de Paris"), a French corporation. The authorized capital stock of Applicant consists of 1,000 shares of common stock without par value all of which is proposed to be issued to Banque de Paris. Applicant does not contemplate that any securities will be issued to any person other than Banque de Paris in the future. The application states that Banque de Paris will acquire all the authorized stock of the Applicant for its own account as principal with no intention of distributing or otherwise disposing of such shares.

Applicant expects that its business will ultimately consist primarily of the underwriting and distribution of securities, the sale of securities to customers and brokerage transactions. Applicant may also be engaged in investing and trading in securities for its own account, and these activities may constitute its primary business for a period of years. Applicant is registered as a broker and dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc.

Banque de Paris which, as noted above, will own all of the outstanding securities of Applicant, was organized in 1872. It does not do business in the United States. Banque de Paris' total assets as of December 31, 1959, amounted to approximately \$468,000,000 and its net worth was approximately \$45,000,000.

Banque de Paris engages in underwriting securities, investing in securities for its own account and in the business of accepting deposits from and making loans to large corporations. It does not transact business with the general public. Of Applicant's total income for 1959, approximately 68% was derived from lending operations; 19% from underwriting securities and 9% from profits on sales of securities.

On December 31, 1959, Banque de Paris had outstanding 1,963,200 shares of capital stock. Such shares are traded on the Paris Bourse and on other European exchanges. The application states that most of such shares are in bearer form and that Banque de Paris, therefore, does not know the nationalities or residences of its stockholders. It is pointed out, however, that such shares have never been publicly offered in the United States and are not traded on any domestic exchange, and that within Applicant's knowledge only 1,500 shares are held by eight citizens or residents of the United States who acquired such stock during 1960 from a domestic broker-dealer who has engaged in a limited amount of over-the-counter trading in the shares.

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