

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



Washington 25, D.C.

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

(In ordering full text of Releases from Publications Unit, cite number)

FOR RELEASE May 22, 1961

**Statistical Release No. 1754.** The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended May 19, 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	
	5/19/61	5/12/61		High	Low
Composite	*136.3	134.5	+1.3	136.3	118.3
Manufacturing	*128.8	127.0	+1.4	128.8	113.0
Durable Goods	*132.1	129.8	+1.8	132.1	117.0
Non-Durable Goods	*125.8	124.4	+1.1	125.8	109.2
Transportation	*109.4	107.7	+2.2	109.4	97.8
Utility	*173.0	171.5	+0.9	173.0	144.4
Trade, Finance & Service	*153.3	151.5	+1.2	153.3	132.5
Mining	* 99.3	95.4	+4.1	99.3	83.3

\*New High

**SECURITIES ACT REGISTRATION STATEMENTS.** During the week ended May 18, 1961, 42 registration statements were filed, 58 became effective, 1 was withdrawn, and 427 were pending at the week end.

**RIPLEY FILES FOR STOCK OFFERING AND SECONDARY.** Ripley Company, Inc., 1 Factory Street, Middletown, Conn., filed a registration statement (File 2-18143) with the SEC on May 19th seeking registration of 82,500 shares of common stock, of which 25,000 shares are to be offered for public sale by the company and 57,500 shares, being outstanding stock, by the present holders thereof. Dominick & Dominick heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The business of the company consists primarily of the manufacture and distribution of photoelectric street light controls and related accessories. It also manufactures centrifugal blowers and other electronic equipment. The net proceeds from the company's sale of additional stock will be used for the development and introduction of a device to read electric meters automatically. The company estimates that product development expenses and costs of initial production of this device for field trials will total about \$270,000. Any balance of cost will be provided out of working capital.

The company has outstanding 250,700 shares of common stock, of which Frank A. Rudolph, president, and Grosvenor-Dale Company, Inc. own (after giving effect to a 2½-for-1 split in May 1961) 171,155 and 60,000 shares, respectively, and propose to sell 27,500 and 30,000 shares respectively. After the sale of new and outstanding shares, Rudolph will own 52.1% of the outstanding stock.

**ENTERPRISE HOTEL DEVELOPMENT FILES FOR STOCK OFFERING.** Enterprise Hotel Development Corporation, 1205 Ponce de Leon Avenue, Santurce, Puerto Rico, filed a registration statement (File 2-18141) with the SEC on May 19th seeking registration of 242,000 shares of common stock and 9,680 shares of \$100 par preferred stock, to be offered for public sale in units each consisting of 1 preferred and 25 common shares. The units will be offered for public sale at \$150 per unit through management officials, no fees or commissions to be paid. The registration statement also includes an additional 7,500 preferred shares which the company may deliver to contractors as part payment for constructing and furnishing a hotel to be built by the company.

The company was organized under Puerto Rico law in 1958 for the purpose of building and owning a luxury, beach-front hotel of not less than 417 rooms in the city of San Juan, and leasing it for a long term (30 years) to Sheraton Puerto Rico Corporation, a wholly owned subsidiary of Sheraton Corporation of America. The company has agreed to purchase the site for the hotel for \$750,000 from the Puerto Rico Industrial Development Company, an instrumentality of the Commonwealth of Puerto Rico. Under said lease, Sheraton Puerto Rico will pay the company, as rental, 75% of the hotel's gross operating profit. It is presently anticipated that the total cost of the project, to be ready for occupancy in December 1962, will be \$12,000,000. The major portion of the financing will be provided by interim debt financing in the form of a 6%, \$7,000,000 construction loan by the Banco Popular de Puerto Rico and an additional \$1,500,000 by the sale of 7% debentures and certain common and preferred stock to Arcturus Investment and Development, Ltd. (a subsidiary of Chase Manhattan Bank) and Keystone Custodian Funds, Inc. When the hotel is finished, the construction loan is to be succeeded by long term debt financing represented by 6½%, 20-year, \$5,000,000 of First Mortgage Notes and 7%, 15-year, \$2,000,000 General Mortgage Notes, the former to be held by Connecticut General Life Insurance Company and the latter by Government Development Bank for Puerto Rico. The balance of the financing is to be provided by the sale of preferred and common stock, including the units now being registered.

In addition to preferred shares, the company has outstanding 742,150 shares of common stock, of which Commonwealth Investment Company, Inc. (owned by Cesar A. Calderon, president, and his family) owns 40.3%, Paul F. Aguirre, treasurer, and James T. Barnes, 12.1% each, and Puerto Rico Industrial Development Co. 18.3%.

OVER

**ADVANCED SCIENTIFIC INSTRUMENTS FILES FOR STOCK OFFERING.** Advanced Scientific Instruments, Inc., 1207-1208 Title Insurance Bldg., Minneapolis, Minn., filed a registration statement (File 2-18144) with the SEC on May 19th seeking registration of 875,000 shares of common stock, to be offered for public sale at \$1.15 per share through Naftalin & Co., Inc. which will receive a 15¢ per share commission. The underwriter had guaranteed sale of the first 200,000 shares and will use its best efforts to sell the balance.

The company was organized under Minnesota law in March 1961. It proposes to engage in the business of developing, manufacturing, selling and leasing electronic, electro-mechanical and electro-optical equipment for use in the general categories of scientific calculation, automation and process control, data handling and processing, data recording, data communication, data conversion and guidance and navigation. Of the net proceeds from the stock sale (plus \$112,000 proceeds from the sale of 112,000 common shares to the promoters) \$100,000 will be used for equipment, installation costs and leasehold improvements, and 40% of the balance for developmental work during the first year of operations and 60% for general working capital, including material, direct labor and overhead.

The company has outstanding 112,000 shares of common stock, of which Jules Ebin, board chairman, Morris B. Ebin, vice chairman of the board, and Samuel A. Feldman, a director, own 27,500, 30,000 and 27,500 shares, respectively, and management officials as a group all the 112,000 shares. Francis J. Alterman is listed as president.

**TRANSAMERICA FILES EXCHANGE PLAN.** Transamerica Corporation, Montgomery Street at Columbus Ave., San Francisco, filed a registration statement (File 2-18147) with the SEC on May 19th seeking registration of 817,800 shares of 4½% convertible preferred stock, \$100 par (convertible into common stock at the rate of one share for each \$35.15 of par value of preferred). It is proposed to offer such stock in exchange for the outstanding common shares of Pacific Finance Corporation at the rate of 1.16 shares of Transamerica preferred for each 2 Pacific Finance common shares (or 58 preferred for 100 common shares). If the exchange is accepted by the holders of all the outstanding 1,410,000 common shares of Pacific Finance, Transamerica will issue a maximum of 817,800 preferred shares, which would be convertible into a maximum of 2,326,600 common shares of Transamerica.

Transamerica is primarily a holding company whose subsidiaries are engaged predominantly in the insurance business. Pacific Finance is engaged primarily in automobile sales financing, direct lending to consumers on automobiles and other personal property, and the writing of insurance. In addition to certain indebtedness, Transamerica has outstanding 12,285,241 shares of common stock. Horace W. Brower is listed as board chairman and John R. Beckett as president.

**WILLIAMS BROS. FILES FOR SECONDARY.** Williams Brothers Company, National Bank of Tulsa Bldg., Tulsa, Okla., filed a registration statement (File 2-18145) with the SEC on May 19th seeking registration of 350,000 outstanding shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Reynolds & Co., Inc. The public offering price and underwriting terms are to be supplied by amendment. The common shares being offered are shares into which a like number of Class B shares owned by the selling stockholders will be converted by the underwriters.

The company is principally engaged in the business of constructing pipelines and related facilities and is also engaged in other aspects of the heavy construction industry. In addition to certain indebtedness, it has outstanding 300,500 shares of common and 910,000 shares of Class B stock, of which John H. Williams, president, and Charles P. and David R. Williams, executive vice presidents, own about 25% each of the Class B shares, and propose to sell (upon conversion into common) 76,500, 76,500 and 79,800 shares, respectively. The prospectus lists 10 other selling stockholders who propose to sell amounts ranging from 980 to 38,205 shares. Management officials as a group own 95.7% of the outstanding Class B stock and less than 1% of the outstanding common shares.

**FAIRFIELD CONTROLS FILES FOR STOCK OFFERING.** Fairfield Controls, Inc., 114 Manhattan Street, Stamford, Conn., filed a registration statement (File 2-18146) with the SEC on May 19th seeking registration of 150,000 shares of common stock, to be offered for public sale at \$1 per share. The offering will be made on an all or none basis through underwriters headed by Globus, Inc. and Lieberbaum & Co., which will receive a 15¢ per share commission and \$6,000 for expenses. The registration statement also includes 95,000 common shares which underlie certain convertible notes and warrants sold to the principal underwriters and others. The notes will be converted into 45,000 shares on the effective date of this statement, and the warrants for 50,000 shares will be within five years at \$1 per share.

Organized under Delaware law in January 1961, the company is the successor by merger to the business and property of Fairfield Engineering Corp., organized in 1955. It is engaged in the manufacture of electronic solid state power controls designed by the company's engineers according to specifications supplied by customers. The estimated \$101,500 net proceeds from the stock sale will be used for repayment of a loan from an officer, new capital equipment, finished goods inventory, advertising, and working capital and general corporate purposes. In addition to certain indebtedness, the company has outstanding 15,000 common shares, of which Arthur Z. Gutterman, board chairman, and Henach B. Frankel, president, own about 74% and 19%, respectively.

**GULF-SOUTHWEST CAPITAL PROPOSES STOCK OFFERING.** Gulf-Southwest Capital Corporation, Esperson Bldg., Houston, filed a registration statement (File 2-18148) with the SEC on May 19th seeking registration of 1,250,000 shares of common stock, to be offered for public sale on an all or none basis through underwriters headed by Harriman Ripley & Co., Inc., and Underwood, Neuhaus & Co., Inc. The offering price and underwriting terms are to be supplied by amendment.

The company was organized in April 1961. It expected to be licensed as a small business investment company under the Small Business Investment Act of 1958 and is also a registered closed-end non-diversified management investment company. Its business will consist of furnishing equity capital and making long-term loans to small business concerns and to render advisory and management counselling services to such companies. Proceeds of the sale of stock will be used for such purposes.

The prospectus lists George A. Butler as board chairman and A. Knox Tyson as president. The company has accepted subscription agreements providing for the issuance of 232,236 common shares at the offering price to the public less the underwriting discount, of which management officials as a group will purchase 67.76%.

**VINCO CORP. PROPOSES DEBENTURE OFFERING.** Vinco Corporation, 9111 Schaefer Highway, Detroit, filed a registration statement (File 2-18150) with the SEC on May 19th seeking registration of \$2,000,000 of 6% convertible subordinated debentures due 1976, to be offered for public sale at 100% of principal amount, on an all or none basis, through underwriters headed by S. D. Fuller & Co. The underwriters will receive a commission of 7½%; and the company has agreed to sell to Fuller & Co. for \$250, five-year warrants for the purchase of 25,000 common shares. Fuller & Co. has agreed to pay to Hampstead Investing Corp. of New York, as a finder's fee, a sum equal to 10% of its net profits and 2300 of the warrants.

The company's business is conducted through two divisions. The Vinco Division in Detroit manufactures and sells precision tools and gauges, checking and production instruments, and precision production parts; and the Recony Division in Richmond, Va., designs, manufactures and sells ground support servicing and testing equipment for military aircraft and missiles. In January the company entered into an agreement to purchase all the outstanding stock of Scanoptic, Inc., (in exchange for 7,500 shares of Vinco common) which is engaged in the design and production of optical instrumentation for the military services and the motion picture industry. Of the net proceeds of the debenture financing, \$250,000 will be applied to additions and improvements to plants and facilities; \$105,000 for the payment of a note and retirement of outstanding 5% preferred shares; \$758,058 for the repayment to Rhodes Factoring Co., Inc., of working capital advances; \$100,000 for research and development on temperature control systems; and an unspecified amount for possible future acquisitions. Rhodes Factoring is a subsidiary of Rhodes Jackson Corp. (formerly Recony Corp.) whose stock is owned by two directors of Vinco. Under a December 1959 agreement, Vinco acquired from Recony Corp. and Ferro-Co Corp. for \$1,612,500, certain real estate, machinery and equipment and intangible assets, primarily related to the manufacture and sale of mobile air-conditioning units now being conducted by Vinco. The sellers agreed to make provision for working capital reasonably required for the operation of the Recony Division, and the unpaid balance of such advances at March 31st was \$758,058.

In addition to indebtedness and 4,303 shares of \$12.50 par preferred, the company now has outstanding 561,445 shares of common stock, of which management officials as a group own 10% and Merrill Lynch, Pierce, Fenner & Smith, Inc., 13.2%. The prospectus lists Bertram J. Goldsmith as board chairman, Andrew J. Asch, Jr., as vice chairman, and Alistair Dunn as president.

**INLAND LIFE INSURANCE FILES FOR STOCK OFFERING.** Inland Life Insurance Company, 175 West Jackson Blvd., Chicago, filed a registration statement (File 2-18139) with the SEC on May 18th seeking registration of 375,000 shares of common stock, to be offered for public sale 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 prospectus states that 93,750 shares of such stock are to be offered directly to stockholders in proportion that the number of shares held by each bears to the total outstanding shares.

Organized under Illinois law in 1960 through the efforts of the Arthur J. Gallagher family, the company writes non-participating ordinary life insurance and group life insurance. Initial capitalization of the company consisted of 450,000 common shares issued for \$1 per share. Of this issue 270,000 shares were acquired by Founders Investment Company, which had been formed for the purpose of organizing the company and assisting it in the early stages of operation. The remaining 180,000 shares were acquired by 57 stockholders of Founders. Members of the Gallagher family purchased an aggregate of 80,820 shares of the company and 141,680 (44.9%) of the stock initially issued by Founders. The net proceeds from the stock sale will be added to general funds, substantially all of it to be invested initially in securities.

The company has outstanding the 450,000 shares of common stock, of which Founders owns 60% and management officials as a group 21.6%. Arthur J. Gallagher, Sr. is listed as board chairman and R. R. Hagelman as president.

**ARCS INDUSTRIES PROPOSES DEBENTURE RIGHTS OFFERING.** Arcs Industries, Inc., 755 Park Avenue, Huntington Station, L.I., N.Y., filed a registration statement (File 2-18149) with the SEC on May 19th seeking registration of \$1,630,000 of 6% convertible subordinated debentures due 1971. It is proposed to offer such debentures for subscription at 100% of principal amount by common stockholders at the rate of \$500 of debentures for each 100 shares held. The record date is to be supplied by amendment. Underwriters headed by Lomasney, Loving & Co. will receive a 1% commission (plus 4% in respect of unsubscribed debentures sold to the public) and \$7,500 for expenses. The registration statement also includes 20,000 common shares which the company sold to the principal underwriter and Edward Schoenhof for 75¢ per share in February 1960.

The company in its operating capacity is engaged primarily in the manufacture of electronic, electrical, electro-mechanical and mechanical components, subassemblies, assemblies and special devices for use in the missile and computer fields. A subsidiary, Arcs Research and Development Corporation, is said to be engaged in providing engineering and research services primarily to United States Government defense agencies and to contractors servicing such agencies, and another subsidiary, Machinery Builders, Inc., in the precision machining of component parts of aircraft and missile engines. Of the \$1,520,000 net proceeds from the debenture sale, \$1,330,000 will be used to repay bank loans incurred to purchase real estate and other assets now used in connection with operation of Machinery Builders, Inc. (\$825,000), to buy a building in Huntington, N. Y. (\$115,000), and to provide additional working capital (\$390,000). The balance of proceeds will be used as additional working capital.

In addition to certain indebtedness, the company has outstanding 326,001 shares of common stock, of which Martin Kane, board chairman, Alexander Kahn, president, and Milton Schwartz, executive vice president, own 19.6%, 18.7% and 18.1%, respectively.

**THOMAS LEE JARVIS REGISTRATION REVOKED.** The SEC today announced a decision revoking the broker-dealer registration of Thomas Lee Jarvis, 2317 Washington Ave., Evansville, Ind., for violation of the financial reporting requirements of the Securities Exchange Act of 1934 and the Commission's rules thereunder applicable to registered broker-dealers (Release 34-6560). The Commission's order also expelled Jarvis from membership in the National Association of Securities Dealers, Inc.

According to the Commission's decision (written by Commissioner Hastings), Jarvis filed a financial report which was not certified by a public accountant, as required, his claim of exemption from certification was unsworn and invalid, and his filing did not contain other required sworn statements. Under the circumstances, and in view of Jarvis' repeated failures to comply with the reporting requirement despite notices and comments by the Commission's staff and correspondence and subsequent filings which indicated a persistent unwillingness to comply, the Commission concluded that it was in the public interest to revoke Jarvis' broker-dealer registration and to expel him from the NASD.

**VIOLATIONS CHARGED TO HARWYN SECURITIES.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Harwyn Securities, Inc., 580 Fifth Ave., New York City, made fraudulent representations in the offer and sale of Class A stock of Chase Savings & Loan Association Inc. (a Maryland corporation) and, if so, whether its broker-dealer registration should be revoked.

Harwyn Securities ("Respondent") became registered as a broker-dealer in July 1960. Harry Weintraub is president. For about two months prior to February 7, 1961, Irving Singer was employed as sales manager and Robert Schlacter as a salesman. In its order, the Commission asserts that during such period Respondent and the three individuals "engaged in acts, practices and a course of business which operated as a fraud and deceit" upon purchasers of the said Class A stock of Chase Savings, in that they made false and misleading representations with respect to the operations and financial condition of Chase Savings, the payment of dividends on and future increases in the market value of its stock, secret negotiations being carried on by Chase Savings which would cause its stock to increase in value, and the connection between Chase Savings and "Chase National Bank."

The Commission's order further asserts (a) that Respondent, while participating in the distribution of Chase Savings stock, bid for shares of said stock in violation of the anti-manipulative provisions of the Act; (b) that Respondent engaged in the conduct of a securities business in violation of the Commission's net capital and record-keeping rules; and (c) that Respondent, Weintraub and Singer were permanently enjoined on February 8, 1961 (USDC SDNY), from engaging in and continuing certain conduct and practices in connection with the sale of securities.

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

**MISSISSIPPI POWER ISSUES BONDS.** The SEC has issued an order under the Holding Company Act (Release 35-14446) authorizing Mississippi Power Company (Gulfport) to issue \$465,000 of first mortgage bonds for sinking fund purposes.

**SOUTHERN ELECTRIC GENERATING PROPOSES FINANCING.** Southern Electric Generating Company, Birmingham, Ala., has filed a proposal with the SEC under the Holding Company Act for the issuance and sale of \$20,000,000 of first mortgage bonds due 1992 at competitive bidding and for the issuance and sale of \$20,000,000 of notes to thirteen banks; and the Commission has issued an order (Release 35-14447) giving interested persons until June 6, 1961, to request a hearing thereon. Net proceeds of the sale of the new bonds will be used in part for the payment of \$18,000,000 of outstanding bank notes issued for construction purposes, and the balance of such proceeds and the proceeds of the sale of the new notes, together with \$2,000,000 from the sale of 20,000 additional common shares to Alabama Power Company and Georgia Power Company (parents) this year, will be used to continue the construction of the company's No. 1 Steam Plant.

**CORRECTION RE VICTOR & CO. DECISION.** The News Digest of May 18th, in its discussion of the SEC decision suspending the broker-dealer registration of D. H. Victor & Company, Inc., of New York, should have referred to sales of stock of "Trans Central Industries, Inc. (formerly Trans Central Petroleum Corp.)", not "Trans Central Petroleum Corp."

**THREE FILE GUILTY PLEAS.** The SEC San Francisco Regional Office announced May 17th (LR-2021) that Douglas M. Todd and M. Dell Lish had entered pleas of guilty to four indictment counts charging registration violations and one fraud count in the offer and sale of Platalloy Corp., Mineral Conversion Corp. et al. Elmer G. Malin pleaded guilty to one count of mail fraud.

**PRINCIPAL CERTIFICATE SERIES SEEKS ORDER.** Principal Certificate Series, Inc., Seattle investment company, has applied to the SEC for an order under the Investment Company Act approving a depository agreement, as amended, between the applicant and Bankers Trust Company, wherein applicant undertakes to deposit and maintain with the Bank qualified investments and reserves as required by Section 28 of the Act with respect to its Series 6, 10, 15 and 20 and Single Payment certificates; and the Commission has issued an order (Release IC-3256) giving interested persons until June 2, 1961, to request a hearing thereon.

**SECURITIES ACT REGISTRATIONS. Effective May 19:** Central Hadley Corp. (File 2-17528). **Effective May 22:** Products Research Co. (File 2-17802); Bowl-Mor Company, Inc. (File 2-17828); Mallory Randall Corp. (File 2-17860); Kerr-McGee Oil Industries, Inc. (File 2-17911); Armco Steel Corp. (File 2-18063).