

**NEWS DIGEST**

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



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FOR RELEASE December 21, 1961

**SEC NET CAPITAL RULE EXTENDED.** The SEC today announced the adoption (Release 34-6691) of an amendment to its "net capital" rule (Rule 15c3-1) under the Securities Exchange Act so as to delete the exemption previously available to members of the Salt Lake Stock Exchange. The amendment is effective January 22, 1962. The rule provides that no broker or dealer shall permit his aggregate indebtedness to exceed 2,000% of his net capital. The rule provides an exemption for members of specified exchanges whose rules and settled practices were deemed by the Commission to impose requirements more comprehensive than the requirements of the rule. However, a condition precedent to the continuation of any such exemption is that the exchange conduct such inspections and maintain such other procedures as are necessary to be reasonably sure that members are complying with the capital requirements of the exchange. The Salt Lake Stock Exchange requested termination of the exemption for its members because it was burdensome for it to conduct the inspections and other procedures necessary to a continuation of the exemption.

**FEE PAYMENTS APPROVED IN CITIES - ARKANSAS FUEL OIL CASE.** The SEC today announced the issuance of an order under the Holding Company Act (Release 35-14551) authorizing fee payments aggregating \$1,457,000 (plus expenses) for services rendered in connection with proceedings culminating in a July 1960 order of the Commission (later approved and enforced by a U. S. District Court) approving a plan filed by Cities Service Company, New York holding company, for compliance with a Holding Company Act requirement for eliminating a 48.5% publicly-held minority stock interest in Cities' subsidiary, Arkansas Fuel Oil Corporation, of Shreveport. Under the plan, the minority interest was eliminated by the payment to public stockholders of Arkansas Fuel Oil of \$41 in cash per share, or a total of \$75,577,186.

**FIRST REPUBLIC CORP. PROPOSES RIGHTS OFFERING.** The First Republic Corporation of America, 375 Fifth Avenue, New York, filed a registration statement (File 2-19478) with the SEC on December 19th seeking registration of \$9,400,000 of 6½% Convertible Subordinated Debentures due 1982 and 188,000 shares of Class A Stock. It is proposed to offer these securities for subscription by holders of Class A Stock, in 47,000 units each consisting of \$200 of debentures and 4 Class A shares. One right will be issued to each Class A share held; and 40 rights will entitle the holder to subscribe to one unit. The debentures will be sold at their principal amount; and the subscription price of the 4 shares is to be supplied by amendment (as is the record date). Morris Cohon & Co. and Lieberbaum & Co. head the list of underwriters. Also included in the registration statement are (1) 100,000 additional Class A shares underlying two-year warrants being sold to the underwriters at 5¢ per warrant (the exercise price to be supplied by amendment) and (2) 53,445 outstanding shares which the holders thereof may sell "in the reasonably foreseeable future."

The company was organized in February 1961 by Ira Sands, Jerome Wishner and George Gewanter to engage in business as a real estate corporation and to continue the business previously conducted by the three individuals. It began operations in June 1961 by the acquisition, through an exchange offer, of various interests held by said individuals, including 3 office buildings, 1 industrial park, 3 apartment developments, 1 warehouse terminal, 2 resort motels, 1 department store property, 1 automatic garage, 1 ramp garage, 2 leaseholds and 1 shopping center - situated in 11 different cities in the United States. In exchange therefor, the company issued 1,758,137 shares of Class A stock, 75,000 shares of Class B - Series I Stock and 210,380 shares of Class B - Series II Stock. Subsequently, the company acquired two additional properties or interests therein. Of the net proceeds of this financing, about \$2,421,000 will be used to repay bank loans in connection with certain acquisitions; \$700,000 in connection with other acquisitions; and the balance will be added to general funds of the company to be used for general corporate purposes, including additional acquisitions.

The prospectus lists Ira Sands as board chairman and Jerome Wishner as president. Management officials as a group own 740,481 shares (36.45%) of the outstanding Class A stock, 72,750 shares (97%) of the Class B-1 Stock and 187,005 shares (85.17%) of the outstanding Class B-II stock.

**METROPOLITAN REALTY TRUST FILES FOR OFFERING.** Metropolitan Realty Trust, 1700 K Street, N.W., Washington, D.C., filed a registration statement (File 2-19479) with the SEC on December 20th seeking registration of 1,000,000 shares of beneficial interest in the Trust, to be offered for public sale at \$6.50 per share. The offering is to be made by Eisle & King, Libaire, Stout & Co., of New York, which will make an offering of 250,000 shares on an all or none basis within 90 days of the commencement of the offering; and thereafter the underwriter has the option to sell up to 750,000 additional shares. The underwriting commission will be 65¢ per share. The underwriter has acquired 2,000 shares directly from the Trust at \$5.85 per share.

The Trust is a business trust created in Massachusetts on December 16, 1961. The underwriter is its sponsor; and an affiliate of the underwriter will serve as the Trust's Advisor. The Trust proposes to engage in the real estate business and is designed to qualify as a "real estate investment trust." The Trust

will not manage or operate its real estate interests. According to the prospectus, the Trust is negotiating to purchase and lease back to the seller a new 257-unit residential garden-type apartment development (the Van Dorn Apartments) in Alexandria, Va. Net proceeds of this financing will be applied in part (\$1,462,500) toward the purchase of the Van Dorn Apartments. Any remaining balance of the proceeds will be used for general corporate purposes, including real estate investments and general operating expenses.

The trustees are William F. Dolen, Walter J. Dorney, and Harold D. Antz, all full-time employees of the underwriter, which owns all 2,000 outstanding Trust shares.

**BELL ELECTRONIC FILES FOR OFFERING AND SECONDARY.** Bell Electronic Corp., 306 E. Aldondra Blvd., Garden, Calif., filed a registration statement (File 2-19480) with the SEC on December 20th seeking registration of \$1,250,000 of Convertible Subordinated Debentures due 1977 to be offered for public sale by the company at 100% of their principal amount, and 75,000 outstanding shares of common stock to be offered for sale by the holders thereof. The offering price of the common stock together with the underwriting terms on both issues, as well as the interest rate on the debentures, will be supplied by amendment. Mitchum, Jones & Templeton and Walston & Co., Inc., are the principal underwriters.

The company was organized in May 1959 and is principally a distributor of electronic parts and equipment manufactured by others. Net proceeds of the sale of debentures by the company will be used as follows: \$1,000,000 for the retirement of bank loans; \$86,000 for retirement of building loans; and the balance for general corporate purposes. The company has outstanding 478,360 common shares, of which 337,960 shares (70.66%) are owned by management officials. Edward Davis, secretary-treasurer, owns 111,786 shares and proposes to sell 30,000 shares; and Irving Davis, president, owns 107,286 shares and proposes to sell 35,000 shares. Four others propose to sell 2,500 shares each.

**J. MICHAELS INC. FILES FOR OFFERING AND SECONDARY.** J. Michaels, Inc., 182 Smith St., Brooklyn, N.Y., filed a registration statement (File 2-19485) with the SEC on December 20th seeking registration of 103,000 shares of common stock, of which 20,600 shares are to be offered for public sale by the company and 82,400 shares, being outstanding stock, by the holders thereof. The public offering price and underwriting terms are to be supplied by amendment. L. F. Rothschild & Co. is listed as the principal underwriter.

The company is engaged in the retail sale of furniture, major appliances, bedding, floor coverings and home furnishings through a chain of four stores in Brooklyn. Net proceeds to the company from its sale of additional stock will be used to help finance the construction and opening of a new store at Fulton Street and Rockwell Place in Brooklyn. The company has outstanding 309,000 common shares, of which management officials owns 137,624 shares (44.6%). Of the stock being sold, Jules D. Michaels, president, and Robert Michaels, executive vice president, propose to sell 19,188 shares each; Trustees under the Will of Humphrey Michaels, Jr., 11,832 shares; and Trustees under the Will of Humphrey Michaels, 32,192 shares.

**CUT & CURL PROPOSES OFFERING.** Cut & Curl, Inc., 67-11 Main St., Flushing, N. Y., filed a registration statement (File 2-19486) with the SEC on December 20th seeking registration of 100,000 shares of common stock, to be offered for public sale at \$4 per share. The offering will be made on a best efforts, all-or-none basis by M. J. Merritt & Co., Inc., which will receive a 40¢ per share selling commission plus \$20,000 for expenses. Also included in the statement are an additional 20,000 common shares underlying warrants to be sold to the underwriter for \$20 and exercisable until March 1967 at \$3.60 per share.

The company is engaged in the business of operating a chain of nine beauty salons directly or through franchises, under the name "Cut & Curl" and slogan "Beauty on a Budget." Another two are now proposed to open in 1962. The primary purpose of this offering is to provide the company with the financial means to expand the number of its "Beauty on a Budget" hairdressing salons, primarily through the grant of local and/or area franchises. The company now has outstanding 200,000 common shares, owned by Karl Stanley, president, and Charles J. Chirchirillo, executive vice president, and having a 49¢ per share book value. Sale of the new shares will increase the book value to \$1.35 per share (with a resulting dilution in the book value of the shares sold to the public).

**AMERICAN PIONEER LIFE FILES FOR STOCK OFFERING.** American Pioneer Life Insurance Company, 307 S. Orange Avenue, Orlando, Florida, filed a registration statement (File 2-19481) with the SEC on December 20th seeking registration of 400,000 shares of common stock, to be offered for public sale at \$5.50 per share. Goodbody & Co. and A. C. Allyn & Co. head the list of underwriters, which will receive a 50¢ per share commission.

The company was organized in Florida in July 1961 to write all kinds of life and disability insurance, but presently is only licensed to engage in the business of life insurance in Florida. The \$1,965,030 estimated net proceeds will be used to expand business, with a portion thereof to be applied for reserves as required by law, and for acquisition and other operating expenses consistent with the customary operation of a life insurance company. It has outstanding 101,400 shares of common stock, of which American Fire and Casualty Company and American Independent Reinsurance Company, both Florida companies, own 70,000 and 20,000 shares, respectively. Walter L. Hays is president of the company and of American Fire and American Independent. Other management officials of the company are also management officials of said companies.

**SECURITIES ACT REGISTRATIONS.** Effective December 21: Abbey Rents (File 2-18956); Lynch Corporation (File 2-19041); Nalley's Inc (File 1-9110); Oz Publishing Corporation (File 2-18002); Southbridge Plastic Products, Inc (File 2-19013); Withdrawn December 21: Unison Electronics Corporation (File 2-19347).