

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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REGISTRATION OF NORMAN J. ADAMS SUSPENDED. The SEC today announced the issuance of a decision under the Securities Exchange Act (Release 34-7072) suspending the broker-dealer registration of Norman Joseph Adams, doing business as Adams & Company, 5455 Wilshire Blvd., Los Angeles, pending final determination by the Commission on the question whether to revoke Adams' registration.

In its decision, the Commission sustained findings by its hearing examiner that in the offer and sale of securities of Industrial Fasteners, Inc., The Squire for Men, Inc., and Measurements Spectrum, Inc. between December 1961 and December 1962, Adams and his salesmen made materially false and misleading representations and predictions in violation of the anti-fraud provisions of the Federal securities laws. The Adams firm used "boiler-room" sales techniques, the Commission stated, "involving high-pressure telephone solicitation of unknown persons by untrained salesmen without adequate supervision, reflecting a disregard of the basic standards of conduct of a broker-dealer toward his customers." In November 1962, the Commission obtained a Federal court order, with Adams consent, which permanently enjoined him from engaging in such unlawful activities; but he continued such activities after the entry of the injunction.

According to the Commission's decision, Adams' salesmen made various misrepresentations in the sale of Industrial Fasteners stock, including representations that the issuer was a "good solid company," that it could be expected to earn 30 or 40 cents per share in 1962, and its stock "should double in price by January 1963." No disclosure was made that the issuer had an operating loss of \$82,224 for the first five months of 1962 as compared with a \$2,549 loss for 1961 reported in its offering circular, and that it had a deficit of \$94,538 as of August 31, 1962. The Adams firm also charged mark-ups in the sale of Industrial Fasteners stock ranging from 31% to 185% over its contemporaneous cost. Mark-ups on sales of Squire for Men stock ranged up to 51.5%. The offering circular used in the sale of Measurements Spectrum stock failed to disclose that its president had assigned promotional shares to Adams, that the issuer owed Adams \$20,000, and that Adams had a 3-year employment contract with the issuer under which he was to receive a total of \$18,000. Adams also knew that a statement in Measurements Spectrum's offering circular that it had a \$178,000 backlog in "open purchase orders" was false, and he published grossly exaggerated figures supplied by the issuer's president as to its past and future sales without attempting to verify them.

MIDDLE SOUTH UTILITIES SEEKS ORDER. Middle South Utilities, Inc., New York registered holding company, and five subsidiaries, have applied to the SEC for an order under the Holding Company Act authorizing them to use a method of allocating the group's consolidated income tax liabilities which will give to each of the companies included in consolidated tax returns of Middle South and its subsidiaries the full investment credit each company contributes to the total investment credit allowed on the consolidated returns. The Commission has issued an order (Release 35-14865) giving interested persons until May 22, 1963 to request a hearing thereon.

AMERICAN BILTRITE RUBBER PROPOSES DEBENTURE OFFERING. American Biltrite Rubber Co., Inc., 22 Willow St., Chelsea, Mass., filed a registration statement (File 2-21375) with the SEC on May 1 seeking registration of \$5,000,000 of convertible subordinate debentures due 1983, to be offered for public sale through underwriters headed by Goldman, Sachs & Co., 20 Broad St., New York. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company produces rubber and vinyl soling materials and heels for footwear, and solid vinyl, vinyl asbestos, vinyl inlaid, asphalt and rubber floor coverings. It also manufactures and sells industrial rubber products, including hose, conveyor and transmission belting, and industrial chemicals. The net proceeds from the debenture sale will be used to pay a portion of short-term bank loans incurred in connection with the company's construction program initiated in 1960 and to furnish additional funds needed as a result of increased operations. In addition to certain indebtedness, the company has outstanding 31,423 shares of common stock (divided into four series), of which 38.7% is owned by members of the Bernstein family or by trusts for their benefit, and 38.7% by members of the Marcus family or by trusts for their benefit. Miah Marcus is board chairman and Maurice J. Bernstein is president.

SAN DIEGO GAS & ELECTRIC FILES SAVINGS PLAN. San Diego Gas & Electric Company, 861 Sixth Ave., San Diego, Calif., filed a registration statement (File 2-21376) with the SEC on May 1 seeking registration of \$1,080,000 of interests in its Savings Plan, and 24,000 common shares which may be acquired pursuant thereto.

STUDEBAKER FILES STOCK PLAN. Studebaker Corporation, 635 South Main St., South Bend, Ind., filed a registration statement (File 2-21377) with the SEC on May 1 seeking registration of 1,000,000 shares of common stock, to be offered pursuant to its Stock Ownership Plan.

LEASE PLAN INTERNATIONAL FILES STOCK PLANS. Lease Plan International Corp., 9 Chelsea Pl., Great Neck, N.Y., filed a registration statement (File 2-21378) with the SEC on April 26 seeking registration of 40,750 shares of common stock, to be offered pursuant to its 1959 and 1962 Restricted Stock Option Plans for Employees.

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ATLANTIS INTERNATIONAL FILES FOR STOCK OFFERING. Atlantis International Corporation, 700 Park Ave., Plainfield, N.J., filed a registration statement (File 2-21371) with the SEC on April 30 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 basis by S. Schramm & Co., Inc., 80 Pine St., New York, which will receive a 60¢ per share selling commission and \$25,000 for expenses.

The company is engaged in the real estate business, its principal business having been mainly confined to the acquisition of two undeveloped properties located in Ocean County, New Jersey, for residential, commercial and industrial development. The company has been primarily concerned with improving the raw acreage into finished building lots for sale at retail, although in some instances lots have been sold in the form of bulk to builders. The \$300,000 estimated net proceeds from the stock sale will be used to meet a \$90,000 payment due on a mortgage, to develop certain sections of the property and install paved roads, and to expand country club facilities, and the balance will be added to working capital and used for general corporate purposes. In addition to various indebtedness, the company has outstanding 1,008,618 shares of common stock, of which Thomas H. White, board chairman, David H. Rothberg, president, and Northeastern Financial Corp. own 23%, 15% and 15%, respectively. Sale of new stock to the public by the company at \$4 per share will result in an increase in the book value of stock now outstanding from 64¢ to 85¢ per share with a resulting dilution of \$3.15 per share in the book equity of stock purchased by the public. Assuming all the shares are sold, White and Rothberg will own 37% of the outstanding stock for which they paid about 22¢ per share; other present stockholders will own 54% acquired at about \$1 per share; and the public will own 9% at a cost of \$4 per share.

In December 1962, the company entered into an agreement with Northeastern Financial with respect to the sale of 135 lots for a total of \$198,200. The prospectus states that the company is advised that Northeastern Financial may be unable to fulfill its obligations under the agreement. Recently, the company at the request of Northeastern Financial granted that company a 30-day extension of the agreement to enable it to comply with the terms thereof, at the end of which time, if there has been no compliance "the Company will take such steps as may be necessary and advisable to protect its interests". According to the prospectus, Northeastern Financial is the subject of the proceedings by the SEC for alleged violations of the Securities Act in connection with an offering of its own securities. The company has agreed with Northeastern Financial to register the 150,000 shares of the company owned by the latter, which registration the company expects to file after completion of this offering. The prospectus states that the influx of such additional shares may have adverse effect on the market price of the company's stock on the over-the-counter market.

BERNSTEIN-MACAULAY SPECIAL FUND FILES FOR STOCK OFFERING. Bernstein-Macaulay Special Fund, Inc., 341 Madison Avenue, New York, filed a registration statement (File 2-21374) with the SEC on April 29 seeking registration of 4,000 shares of common stock, to be offered for public sale initially at \$500 per share and thereafter at net asset value plus a 1% premium. No underwriting is involved.

The Fund is an open-end, non-diversified management investment company organized under New York law in April 1963. It was organized by the investment advisory firm of Bernstein-Macaulay, Inc. to provide a medium for those of its clients who wish to participate in an investment program whose primary objective is maximum long-term growth of principal through investments which may involve special risks. According to the prospectus, the Fund will not attempt to offer a complete investment program and is designed for those persons who have the greater part of their investment capital managed conservatively by Bernstein-Macaulay, Inc. That firm will act as manager and investment adviser for the Fund. Linhart Sterns is president of the Fund and Peter L. Bernstein is vice president. They are also the principal executive officers of the manager and own all of its outstanding stock.

DOW JONES FILES FOR SECONDARY. Dow Jones & Company, Inc., 44 Broad St., New York, filed a registration statement (File 2-21380) with the SEC on May 1 seeking registration of 110,000 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by White, Weld & Co., Inc., 20 Broad St., New York, and two other firms. The public offering price (maximum \$120 per share*) and underwriting terms are to be supplied by amendment.

The company edits, prints and publishes a daily newspaper, "The Wall Street Journal," and two weekly publications, "Barron's National Business and Financial Weekly" and "The National Observer." It also operates two news services, the Dow Jones News Service in the United States and the Canadian Dow Jones News Service in Canada. The company has outstanding 1,562,700 shares of common stock (after giving effect to a recent 10-for-1 stock split), of which Jane Bancroft Cochran, a director, and Jessie Bancroft Cox, the family of their deceased brother and various other members of the Bancroft family own a total of 1,183,270 shares (75.74%), and management officials as a group own 293,760 shares (18.80%), including 264,460 shares owned beneficially by Jane B. Cochran. Bernard Kilgore is president. The prospectus lists ten selling stockholders, all of whom are trustees of various trusts or charitable foundations, including Jessie B. Cox and Laurence M. Lombard (secretary of the company) as trustees under the will of Hugh Bancroft, Jr. for the benefit of members of the Bancroft family, who propose to sell 12,700 of 207,750 shares held. Cox, Lombard and Jane B. Cochran, as trustees under the will of Jane W. W. Bancroft for the benefit of members of the Bancroft family propose to sell 26,900 of 237,500 shares held. Other trustees propose to sell amounts ranging from 1,680 to 16,060 shares.

SECURITIES ACT REGISTRATIONS. Effective May 1: Aberdeen Management Corp. (File 2-21316); Alabama Power Co. (File 2-21322); Bridgeport Hydraulic Co. (File 2-21156); Burndy Corp. (File 2-21305); Electronic Associates, Inc. (File 2-21276); W. T. Grant Co. (File 2-21229); Iowa Power & Light Co. (File 2-21073); Kentucky Central Life Insurance Co. (File 2-21191); Ohio Edison Co. (File 2-20192). Withdrawn April 29: Cambridge Mills, Inc. (File 2-20613); Met Food Corp. (File 2-20147); Milam Associates (File 2-20932). Withdrawn May 1: Field Financial Corp. (File 2-19579).

*As estimated for purposes of computing the registration fee.

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