

## NEWS DIGEST



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

Washington 25, D.C.

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

(Issue No. 64-7-6)

FOR RELEASE July 9, 1964

**HOLIDAY MOBILE HOME FILES FOR FINANCING PLAN AND SECONDARY.** Holiday Mobile Home Resorts, Inc., 4344 E. Indian School Rd., Phoenix, Ariz., filed a registration statement (File 2-22593) with the SEC on July 7 seeking registration of \$700,000 of 6-3/4% secured promissory notes (due 1970) and warrants to purchase 94,500 shares of common stock, to be offered for public sale in units consisting of \$2,000 principal amount of notes and warrants to purchase 270 shares, and at \$2,000 per unit. The offering is to be made on an all-or-none, agency basis through New York Securities Co., 52 Wall St., New York, which will receive a selling commission of \$85.71 per unit. Subject to the sale of all units and as additional compensation, the company will deliver to New York Securities 8-year warrants to purchase 10,500 common shares. The registration statement also includes \$200,000 of 6-1/2% convertible subordinated debentures (due 1970), to be offered in denominations of \$500 to directors and stockholders of the company and their associates. In addition, 68,333 outstanding shares of common stock are being registered, of which the holder (selling stockholder) is offering (at \$2 per share) 35,000 shares on a pro rata basis initially to purchasers of the units and 33,333 shares on a pro rata basis to the purchasers of the debentures.

Organized under Arizona law in 1961, the company is engaged in developing and operating mobile home resorts and related businesses. According to the prospectus, the company sustained an aggregate loss of approximately \$1,018,000 through April 1964. At that time it had a working capital deficit of about \$821,000, and the book value of the common stock was 78¢ per share. From October 1961 through April 30, 1964, the company's operations did not produce sufficient cash to meet the cost of developing and operating its properties and the payments due on its obligations. Necessary funds for its activities, in excess of gross income, was raised by the sale of securities and by corporate borrowings in the aggregate amount of approximately \$1,525,000. Of the net proceeds derived from this offering, \$520,000 will be used to retire part of the company's existing indebtedness; \$150,000 to provide additional working capital for the resorts; and \$165,000 for general working capital. In addition to indebtedness, the company has outstanding 498,944 common shares, of which management officials as a group own 79%. Royden Brown (board chairman) is the selling stockholder and is offering 68,333 of his holding of 206,270 common shares (acquired for a total cash cost of \$143,610 or an average cost of 70¢ per share). Ronald C. Jolley is president.

**CAPITAL GROWTH FUND PROPOSES OFFERING.** Capital Growth Fund, Inc., 9421 Crosby Rd., Silver Spring, Md., filed a registration statement (File 2-22594) with the SEC on July 7 seeking registration of 100,000 shares of common stock, to be offered for public sale at net asset value. The offering will be made directly by the company, no underwriting being involved. Organized under Maryland law in July 1964, the Fund (an open-end, non-diversified management company) succeeds Capital Growth Associates, a partnership. Its stated objective is to "strive for growth of capital through concentration of investments in companies that management deems to have above average potential for capital appreciation." Equity Management Corporation is the Fund's investment adviser and manager. Directors of the management corporation own 3,286 shares (26%) of the Fund's outstanding stock, while Fund directors own 75% of the outstanding stock of the management corporation. Dr. Hubert L. Cafritz is president of the Fund and of the management corporation, and Bernard Cronin is board chairman of the Fund.

**SPARTANS INDUSTRIES FILES STOCK PLANS.** Spartans Industries, Inc., 1 West 34th St., New York, filed a registration statement (File 2-22595) with the SEC on July 8 seeking registration of 119,375 shares of common stock, to be offered under its 1964 Qualified Stock Option Plan, Restricted Stock Option Plan and Restricted Stock Option Contracts.

**BROAD STREET SALES FILES EXCHANGE OFFER.** Broad Street Sales Corporation, 65 Broadway, New York, depositor for Plans for the Accumulation of Shares of National Investors Corporation, filed a registration statement (File 2-22596) with the SEC on July 8 seeking registration of \$4,000,000 of such Plans, to be offered in exchange for outstanding plans for the accumulation of shares of Continental Growth Fund, Inc. ("Old Plans"). This offer is made pursuant to an agreement between National Investors and the Receiver of Continental Growth Fund. According to the prospectus, it is designed to make it possible for holders of such Old Plans to be put in a position essentially equivalent in so far as plan features are concerned to that which they would have enjoyed under such Old Plans were it possible to complete them.

In an injunctive action brought by the Commission in 1963 against the sponsor of plans for accumulating shares of Continental Growth Fund, Inc., a receiver was appointed for the latter. A plan for its reorganization has been recommended by the receiver and approved by the court and by stockholders of the Fund. Under the plan, the assets of the Fund are to be sold to National Investors in exchange for shares of National Investors and such shares are to be distributed pro rata to the stockholders of Continental Growth Fund in liquidation of that Fund, which will then be dissolved. The result of this distribution will be that National Investors shares will take the place of Continental Growth Fund shares now held in the Old Plans. As a part of this plan, National Investors has agreed to use reasonable efforts, in cooperation with the receiver, to make available to old planholders an arrangement under which they may, in effect, continue and complete equivalent plans.

OVER

**FINANCIAL PROGRAMS, FUNDS GRANTED EXEMPTION.** The SEC today announced a decision under the Investment Company Act (Release IC-4009) granting a conditional exemption from provisions of that Act insofar as they may be deemed to prevent Financial Programs, Inc., from serving as investment adviser of, and principal underwriter for, Financial Industrial Fund, Inc., and Financial Industrial Income Fund, Inc., Denver investment companies, until August meetings of the Funds' shareholders.

The exemption was sought after a question arose whether an assignment of the advisory and general distribution agreements between the Funds and Financial Programs had resulted from a December 1963 contract providing for the sale of a majority interest in the latter. Under terms of the Commission's order, the exemption shall cease if shareholders of the Funds do not approve payments to Financial Programs, during the period January 2 to July 8, 1964, of the latter's consolidated cost of furnishing the respective Funds with investment advisory and underwriting services. Should shareholders of the Funds reject the proposal that Financial Programs be compensated, for the period July 8 to the August 13th meetings of the Funds' shareholders, at rates provided in the underlying contracts last renewed in September 1963, the exemption order shall terminate as of July 8th unless Financial Programs accepts payment of an amount equal to its consolidated cost of furnishing services for such period.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the July 1 News Digest.

Electronic Associates, Inc Sept. 1963  
( 7)

Aerotest Laboratories, Inc June 1964  
( 2,4,7,11,13)

Mission Insurance Co May 1964 ( 11)

Brush Beryllium Co April 1964  
( 11)

Kerr-McGee Oil Industries, Inc May  
1964 ( 7,13)

Indian Trail Ranch, Inc May 1964 ( 11)

Big Apple Supermarkets, Inc Oct. 1962  
( 11) June 1963 ( 12) Sept. 1963  
( 11,13)

California Interstate Tel. Co May 1964  
( 7,11,13)

Government Employees Corp May 1964  
( 4,7)

Nissen Corp June 1964 ( 11)

S. H. Kress & Co Amend #1 to 8K for  
April 1964 ( 2,13)

Associated Mortgage Co, Inc Amend #1 to  
8K for Feb. 1964 ( 12)

Big Apple Supermarkets, Inc Amend #1  
to 8K for April 1963 ( 2)

General Telephone Co of Michigan  
Amend #1 to 8K for Dec. 1962 ( 7)

**RULES OF FOREIGN OFFERINGS CLARIFIED.** The SEC today issued a statement with respect to the application of the Federal securities laws to the sale of domestic securities to foreign purchasers. The statement was issued pursuant to a recommendation contained in the April 27th report of a Presidential Task Force on Promoting Increased Foreign Investment in United States Corporate Securities and Increased Foreign Financing for United States Corporations Operating Abroad, appointed in October 1963.

Generally speaking, the Commission has taken the position that the registration requirements of Section 5 of the Securities Act of 1933 are primarily intended to protect American investors. Accordingly, it has not required the registration of securities of U. S. corporations distributed abroad to foreign nationals, assuming the distribution is effected in a manner which will result in the securities coming to rest abroad. On the other hand, a distribution of U. S. securities through the facilities of a Canadian stock exchange may be expected to flow into the hands of American investors and may therefore be subject to registration. Similarly, a public offering specifically directed to American nationals abroad, including servicemen would be regarded as subject to registration. Otherwise, so long as the offering is made under circumstances reasonably designed to preclude distribution or redistribution of the securities within, or to nationals of, the United States, registration would not be required.

In response to a question raised by the Task Force regarding private placement in the United States of a security being offered abroad, the Commission stated that generally such transactions in the United States otherwise exempt from registration as not involving a public offering will not be subject to registration solely because a foreign offering is being made concurrently.

The Commission further commented that the broker-dealer registration requirements of the Securities Exchange Act of 1934 would not apply if a foreign broker-dealer, participating as an underwriter in a distribution of American securities being made abroad, or being made both abroad and in the United States, limits his activities to (1) taking down securities which he sells outside the jurisdiction of the United States to persons other than American nationals, and (2) participating solely through his membership in the underwriting syndicate in activities of the syndicate in the United States such as sales to selling group members, stabilizing, over-allotment, and group sales, which activities are carried out for the syndicate by a managing underwriter who is registered with the Commission.

**CORRECTION RE WHITESTONE PROGRAM.** The due date for the filing of requests for a hearing upon the exemption application of Whitestone 1963 Program Corporation, of New York, is August 7th, not August 15th, as stated in the SEC News Digest of July 8th.

**SECURITIES ACT REGISTRATIONS.** Effective July 9: Black Hills Turf Paradise, Inc. (File 2-22296); Investors Planning Corporation of America (File 2-22159); Spencer-Kennedy Laboratories Inc. (File 2-22441). Withdrawn July 8: General Finance Corp. (File 2-22223).