

NEWS DIGEST

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

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FOR RELEASE February 11, 1963

Statistical Release No. 1881. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended February 8, 1963, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1962 is as follows:

	1957-59 = 100		Percent Change	1962	
	2/8/63	2/1/63		High	Low
Composite	134.9	135.2	-0.2	144.3	107.0
Manufacturing	125.4	126.0	-0.5	135.0	98.6
Durable Goods	120.7	121.4	-0.6	135.6	95.2
Non-Durable Goods	129.8	130.2	-0.3	134.4	101.8
Transportation	109.9	108.8	+1.0	111.0	85.5
Utility	177.8	176.9	+0.5	185.5	143.0
Trade, Finance & Service	158.0	158.2	-0.1	178.2	129.8
Mining	108.9	110.2	-1.2	113.3	83.8

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended February 7, 1963, 19 registration statements were filed, 16 became effective, 11 were withdrawn, and 353 were pending at the week-end.

EASY-TOW RENTAL SYSTEM 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 public offering of securities by Easy-Tow Rental System, Inc., 2208 Northwest Market Street, Seattle. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed in November 1961, Easy-Tow proposed the public offering of \$230,000 of trailer investment contracts. In its order, the Commission asserts that Easy-Tow failed to comply with certain requirements of the Regulation; that its offering circular was false and misleading in respect of certain material facts; and that the offering violates Section 17 (the anti-fraud provision) of the Act.

The alleged misrepresentations involved the statement that investors' funds would be deposited in a bank trust account pending disbursement in payment of trailer purchases; the failure to disclose the denial of permission to sell trailer investment contracts in Idaho and Montana; and the failure to disclose the existence of affiliates. Moreover, according to the order, the notification failed to disclose such affiliates; Easy-Tow failed to use an offering circular containing required information; and certain sales literature was used which was not filed prior to its use.

CARBON FOUNDRY HEARING SCHEDULED. Upon the request of Carbon Foundry Corporation, 4087 South Redwood Road, Salt Lake City, Utah, the Commission has scheduled a hearing for February 27, 1963, in its Denver Regional Office, to take evidence on the question whether an order of the Commission dated December 21, 1962, temporarily suspending a Regulation A exemption from registration with respect to a public offering of 214,418 common shares by Carbon Foundry to creditors, should be vacated or made permanent. The Commission's suspension order was based upon alleged false and misleading representations in the company's offering circular.

MICHIGAN CONSOLIDATED GAS PROPOSES OFFERING. Michigan Consolidated Gas Company, Detroit subsidiary of American Natural Gas Company, has applied to the SEC for an order under the Holding Company Act authorizing its issuance and sale at competitive bidding of \$30,000,000 of first mortgage bonds due 1988; and the Commission has issued an order (Release 35-14801) giving interested persons until March 4 to request a hearing thereon. The net proceeds of the bond sale (together with treasury funds) will be used by the issuing company to redeem, at the redemption price of 107.50% of principal amount, of all its first mortgage bonds, 6½ Series due 1982, presently outstanding in the principal amount of \$27,750,000. The balance of the proceeds will be used for construction costs or to repay short-term indebtedness incurred for construction.

ALLEGHENY POWER PROPOSES LOANS TO SUBSIDIARIES. Allegheny Power System, Inc., New York holding company, has filed a proposal with the SEC under the Holding Company Act to make loans to two subsidiaries, as follows: The Potomac Edison Company, of Frederick, Md., \$5,500,000; and Cumberland Valley Electric Company, Mercersburg, Pa., \$500,000. The Commission has issued an order (Release 35-14802) giving interested persons until March 4 to request a hearing thereon. The subsidiaries will use the funds to pay outstanding notes due the parent in the face amounts of \$4,500,000 and \$500,000; and the \$1,000,000 balance of the loan to Potomac Edison will be used in aid of its construction program for 1963 and 1964, estimated at \$18,500,000.

OVER

ARKANSAS POWER BOND OFFERING CLEARED. The SEC has issued an order under the Holding Company Act (Release 35-14803) authorizing Arkansas Power & Light Company (Little Rock) to issue and sell \$15,000,000 of bonds at competitive bidding. Net proceeds of the bond sale, together with treasury funds, will be used to redeem, at the redemption price of 107.35% of principal amount, all of its First Mortgage Bonds, 5-5/8% Series due 1989, presently outstanding in the principal amount of \$15,000,000.

CANADIAN I. G. FUND ORDER. The SEC has issued an order under the Investment Company Act (Release IC-3611) with respect to Canadian International Growth Fund, Inc., of Montreal. The order provides an exemption until the meeting of Fund stockholders on March 1, 1963, with respect to the Fund's contract with its investment advisers, Van Strum & Towne, Inc., and Van Strum & Towne (Canada) Ltd.

KINGDOM OF DENMARK PROPOSES BOND OFFERING. The Kingdom of Denmark filed a registration statement (File 2-21066) with the SEC on February 8 seeking registration of \$20,000,000 of external loan bonds of 1963, due 1978, to be offered for public sale through underwriters headed by Kuhn, Loeb & Co., Inc., 30 Wall St., New York. The public offering price and underwriting terms are to be supplied by amendment. The net proceeds from the bond sale will initially be added to Denmark's foreign exchange reserves; and it is the Kingdom's intention to apply such proceeds to the acquisition of capital equipment required for development of the Danish economy.

CENTRAL ILLINOIS LIGHT PROPOSES OFFERING. Central Illinois Light Company, 300 Liberty St., Peoria, Ill., filed a registration statement (File 2-21067) with the SEC on February 8 seeking registration of \$9,375,000 of first mortgage bonds due 1993, to be offered for public sale at competitive bidding. Net proceeds of the bond sale, together with treasury funds, will be used to pay the presently outstanding \$9,376,300 of first mortgage bonds, 3 1/4% series due 1963. The company's construction expenditures are estimated at \$9,900,000 in 1963 and \$12,600,000 in 1964.

VIOLATIONS CHARGED TO UNDERHILL SECURITIES. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Underhill Securities Corporation, 19 Rector Street, New York, engaged in practices which operated as a "fraud and deceit" upon investors and, if so, whether its broker-dealer registration should be revoked.

The said company ("registrant") has been registered with the Commission as a broker-dealer since April 1958. Harold D. Levine is president and a principal stockholder. In its order, the Commission recites charges of its staff that information developed in an investigation tends to show that in the offer and sale of common Class A stock of American Micro Devices, Inc. during April-October 1962, registrant and Levine, together with Bernard Kushin, Leonard Raymond, Ivan Israel, Jack Finn, Sebastian P. Fortugno, Lewis Smithken and Harry Kissen, registrant's salesmen, "engaged in transactions, acts, practices and a course of business which would and did operate as a fraud and deceit" upon investors in violation of the anti-fraud provisions of the Federal securities laws. The staff asserts that registrant and said persons (1) engaged in an extensive campaign for the sale and distribution of said unseasoned and speculative stock (by means of widespread public advertising and intensive mail and telephone solicitation) to investors with whom they were unacquainted and as to whose investment needs, objectives and circumstances they had no knowledge, (2) placed investors in a position where they were required to make hasty investment decisions without due regard to the suitability of such securities for the investor, (3) sold the securities at prices bearing no reasonable relationship to the then existing market price thereof (and without disclosing the true market price), (4) mailed confirmations of sales to customers who had placed no orders for the purchase of such securities and mailed letters falsely stating that the SEC had approved the issuance of common stock of American Micro, and (5) made false and misleading statements of material facts and failed to disclose certain material facts which were within their knowledge. The alleged misrepresentations related to the issuer's future prospects for growth and success; its financial condition, production, prospective earnings and profits; an anticipated increase in the market price of issuer's stock; and the sales potential for its products. Registrant and said persons also allegedly failed to disclose, among other things, the high degree of risk in the purchase of American Micro stock, speculative aspects of the semi-conductor industry in general, and the fact that the issuer had no history of successful operations from organization.

A hearing will be held, at a time and place to be announced, for the purpose of taking evidence to determine whether the staff charges are true and, if so, whether registrant's broker-dealer registration should be revoked. Registrant is a member of the National Association of Securities Dealers, Inc.; and one of the issues in these proceedings is whether it also should be suspended or expelled from NASD membership.

PREFERRED SECURITIES - SPACE TECHNOLOGY HEARING SCHEDULED. The SEC has scheduled a hearing for March 18, 1963, in its Denver Regional Office in consolidated proceedings under the Federal securities laws involving Preferred Securities, Inc., of Phoenix and Space Technology & Research Corporation of Denver.

The proceedings relate (1) to the Commission's order of November 26, 1962, reciting charges of its staff that Preferred Securities made false and misleading representations in the offer and sale of stock of Space Technology; and (2) to its order of the same date temporarily suspending a Regulation A exemption from Securities Act registration with respect to the public offering of Space Technology stock by means of allegedly false and misleading statements.

MILWAUKEE BRAVES PROPOSES STOCK OFFERING. Milwaukee Braves, Inc., County Stadium, Milwaukee, Wisc., today filed a registration statement (File 2-21070) with the SEC seeking registration of 115,000 shares of common stock, to be offered for subscription only by residents of Wisconsin. Robert W. Baird & Co., Inc., 731 North Water Street, Milwaukee, will manage a group of dealers to solicit subscriptions. The subscription price (maximum \$11.50 per share*) and underwriting terms are to be supplied by amendment.

Organized under Delaware law in November 1962, the company is the owner and operator of the Milwaukee Braves baseball team of the National League. In November, it acquired from Perini Corporation for \$6,058,480 all of the outstanding stock of National League Baseball Club of Milwaukee, Inc. (the then owner of the club); and subsequently, all of the assets of the latter company, principally player contracts, were transferred to the company. Of the \$1,150,000 estimated net proceeds from the stock sale, \$900,000 will be used to pay a bank note incurred to finance in part the acquisition from Perini Corp., and the balance will be used to provide working capital for operations of the baseball team. In addition to certain indebtedness, the company has outstanding 201,000 shares of common stock (purchased at \$10 per share) of which Milwaukee Braves Baseball Club, Inc., owns 84.6% and Perini Corp. 15.4%. John J. McHale is president and William C. Bartholomay is board chairman. 98% of the voting control of the parent club is owned by management officials of the company as a group. After the stock sale, the parent will own 53.8%, Perini Corp. 9.8% and other stockholders 36.4% of the outstanding stock of the company (not giving effect to any purchases of un-subscribed stock by the parent company).

NORTHWESTERN BELL TELEPHONE PROPOSES DEBENTURE OFFERING. Northwestern Bell Telephone Company, 100 South 19th Street, Omaha, Nebr., today filed a registration statement (File 2-21069) with the SEC seeking registration of \$40,000,000 of debentures due 2003, to be offered for public sale at competitive bidding. A portion of the net proceeds from the debenture sale will be used to repay about \$24,400,000 of outstanding advances from American Telephone and Telegraph Company, Northwestern's parent, and the balance will be added to general funds which are used for general corporate purposes. Advances from the parent are obtained for general corporate purposes, including construction. Construction expenditures were about \$115,100,000 in 1962 and it is anticipated that such expenditures for 1963 will be about the same.

SKIATRON ELECTRONICS DELISTED. The SEC has issued an order under the Securities Exchange Act granting an application of the American Stock Exchange to delist the common stock of Skiatron Electronics & Television Corp., effective at the close of the trading session on February 21, 1962.

GRANT DONAHUE & CO. REGISTRATION CANCELLED. The SEC has issued an order under the Securities Exchange Act cancelling the broker-dealer registration of J. Grant Donahue, doing business as J. Grant Donahue & Co., 250 East 50th St., New York. According to the order, in February 1960 a final judgment of mandatory injunction was entered by default in a Federal court in New York ordering the firm to comply with the Commission's record-keeping requirements. Moreover, the firm was expelled from NASD membership in May 1960 and it has ceased doing business as a broker-dealer.

COMPLAINT NAMES COLO. BLACK ANGUS STEAK HOUSES. The SEC Denver Regional Office announced today (LR-2503) the filing of court action (USDC, Colorado) seeking to enjoin Black Angus Steak Houses, Inc., a Colorado company, and Robert G. Williams (also known as Bobby Williams and Bob Roberts), of New York, from further violations of the Securities Act in the offer and sale of investment contracts of Black Angus Steak Houses.

SECURITIES ACT REGISTRATIONS. Effective February 8: Varian Associates (File 2-21021). Effective February 11: Arkansas Power & Light Co. (File 2-21005). Withdrawn February 11: National Bankers Life Insurance Co. (File 2-20765).

*As estimated for purposes of computing the registration fee.

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