

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

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)



Washington 25, D.C.

FOR RELEASE July 29, 1960

RULE VIOLATIONS CHARGED TO READ EVANS & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether provisions of that Act and rules thereunder have been violated by Read, Evans & Company, 1722 Westwood Boulevard, Los Angeles, and, if so, whether its broker-dealer registration should be revoked and/or whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

According to the order, the respondent company (formerly Glore, Evans & Co.) has been registered as a broker-dealer since October 22, 1958. Benjamin Franklin Evans, Jr., is president of the respondent, which on July 5th applied for withdrawal of its registration. The order further recites that the respondent and Evans were permanently enjoined by a Federal court order in March 1960 from engaging in or continuing certain conduct and practices in connection with the purchase and sale of securities. The Commission's complaint in that action alleged violations of its net capital and record-keeping rules and of Regulation T. The defendants consented to entry of the court decree.

In ordering the present administrative proceedings, the Commission asserts that during the ten months ended January 31, 1960, the respondent engaged in the conduct of a securities business in violation of its net capital rule, which seeks to protect investors against the risk of loss of their funds or securities held by broker-dealer firms due to the financial instability of such firms. It is also asserted (1) that the respondent made false and fictitious entries on its books and records, resulting in an understatement of its liabilities and expense account and an overstatement of assets, and failed to make and keep current certain books and records, in violation of the record-keeping requirements prescribed by the Commission; and (2) extended credit on the purchase of securities in violation of Regulation T by reason of its failure to receive payment therefor within seven days or to cancel or liquidate such purchases or apply for an extension of time for payment.

A hearing for the purpose of taking evidence on the foregoing will be held at a time and place later to be announced. (NOTE TO PRESS. Copies of foregoing also available in SEC Los Angeles Office)

REVA ENTERPRISES PROPOSES STOCK OFFERING. Reva Enterprises, Inc., 525 Lincoln St., Worcester, Mass., filed a registration statement (File 2-16854) with the SEC on July 28, 1960, seeking registration of 200,000 shares of common stock, to be offered for public sale through an underwriting group headed by Blair & Co., Inc. and Chace, Whiteside & Winslow, Inc. The public offering price and underwriting terms are to be supplied by amendment. Certain of the underwriters will purchase, at 10¢ per share, options for 12,500 shares exercisable at \$7 per share.

The company was organized under Massachusetts law in December 1959 to establish and operate, directly or through subsidiaries, modern Tenpin bowling centers in various locations. It has received \$500,000 from the promoters and certain others for 250,000 shares of common stock, which will equal 56% of the total outstanding stock upon sale of the 200,000 shares the subject of this offering. The company has constructed one 44-lane center on leased land ("Lincoln Lanes-Worcester"), and currently plans several additional tenpin bowling centers, of which four in Massachusetts are either under construction or sites therefor are being negotiated. According to the prospectus, it is anticipated that construction will be generally financed in part by long-term loans and that the bowling equipment will be financed generally through conditional sales or other financing arrangements with the suppliers. Actual construction of additional centers will depend upon the company's ability to obtain the necessary financing. Of the net proceeds of the sale of stock to promoters and others and of the proceeds of the public stock offering, a portion has been expended for constructing and equipping the Lincoln Lanes-Worcester center and the balance will be available to cover the costs of obtaining sites, for the four planned additional centers, making initial payments for construction and bowling equipment, and acquiring other furnishings and equipment.

In addition to the 250,000 common shares, the company now has outstanding \$250,000 of mortgage notes. The prospectus lists Oscar R. Vaudreuil as president and Saul I. Reck as general manager. Reck owns 117,500 of the outstanding shares, Vaudreuil 25,000 shares, and two other officials 85,000 shares. An additional 12,500 shares are under option to the promoters and officials.

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For further details, call WOrth 3-5526

LEADER-DURST CLEKAN PROPOSES OFFERING. Leader-Durst Clekan Company, 41 East 42nd St., New York, filed a registration statement (File 2-16855) with the SEC on July 28, 1960, seeking registration of \$855,000 of Limited Partnership Interests, to be offered for public sale in units of \$5,000. The company is a limited partnership recently organized by I. Theodore Leader and Joseph Durst, as general partners, and Beatrice Leader, Harrold Seth Leader and Stanley Weingast as limited partners. It proposes to acquire title to the land, building and personal property known as the C. A. C. Building, 1118-1148 Euclid Ave., Cleveland, and the office building located at 1016 Central Ave., Kansas City, Mo. Upon closing title to the Cleveland property the partnership will own the land together with the first five floors of said building (the 10 floors situated above the fifth floor are not subject to this acquisition and shall remain in possession of their present owner, the Cleveland Athletic Club Association). The partnership will become the owner and operator of the three story building in Kansas City.

The general partners have contracted to purchase the Cleveland property for a total purchase of \$500,000 in cash above the unpaid principal amount of mortgage debt thereon (at June 29th the first mortgage was \$765,955 and the second mortgage \$212,964); and they contracted to purchase the Kansas City property for a total purchase price of \$345,000, in cash. The general partners deposited \$35,000 on the Cleveland and \$10,000 on the Kansas City property and are committed to make an additional \$15,000 deposit on the Cleveland property if title is not closed by October 1, 1960. The general partners have paid into the partnership \$10,000 in cash and have contributed the purchase contracts for which they received \$140,000 in subordinated limited partnership interests. They are to be reimbursed for their advances made pursuant to the purchase contracts, fees and other related expenses. The Cleveland property is to be leased back to the seller, C. A. C. Building Company, for a net rental of \$144,264 per annum. The partnership will acquire and operate the Kansas City property. The acquisitions will be financed through sale of the \$855,000 of limited partnership interests, the \$10,000 contributed by the general partners, and \$15,000 to be contributed by the three limited partners.

ANATOL COMPANY PROPOSES OFFERING. The Anatol Company, 1545 Broadway, New York, filed a registration statement (File 2-16856) with the SEC on July 27, 1960 seeking registration of \$400,000 of limited partnership interests, to be offered for public sale in \$8,000 units (subject to a 20% involuntary overcall).

Anatol is a partnership of which Max Allentuck of 90 Riverside Drive, N. Y., is the general partner. The sole business of the partnership will be the production of the dramatico-musical play tentatively entitled "Anatol," all rights to which are to be assigned to the partnership by Allentuck and Kermit Bloomgarden Productions, Inc., the promoters and producers. The play will be an adaptation of a collection of playlets entitled "Affairs of Anatole" written in German by Arthur Schnitzler. Bloomgarden Productions has entered into a Dramatists Guild Dramatico-Musical Minimum Basic Production Contract with Fay and Michael Kanin (bookwriters), Arthur Schwartz (composer) and Howard Dietz (lyricist), engaging said persons to write the play.

The partnership will be formed when the \$400,000 initial aggregate limited partnership contributions have been received. Allentuck will receive 50% of the net profits of the partnership (without cash contribution), of which Bloomgarden Production will receive the major portion.

SEC COMPLAINT NAMES WARREN M. HAMBURGER. The SEC New York Regional Office announced July 27th (LR-1737) the filing of Federal court action (USDC EDNY) seeking to enjoin Warren M. Hamburger, dba Warren Hamburger's House of Securities, 90-04 161st Street, Jamaica, N. Y., from further violations of net capital and bookkeeping rules under Securities Exchange Act and anti-fraud provisions of said Act.

MILGO ELECTRONIC PROPOSES RIGHTS OFFERING. Milgo Electronic Corporation, 7620 N.W. 36th Avenue, Miami, Florida, filed a registration statement (File 2-16857) with the SEC on July 28, 1960, seeking registration of 65,000 shares of common stock, to be offered for subscription by holders of outstanding common stock in the ratio of one new share for each six shares held. The principal underwriter is listed as Shearson, Hammill & Co. The record date, subscription price and underwriting terms are to be supplied by amendment.

The company is engaged in the business of designing, developing, manufacturing, and selling an integrated line of electronic equipments and systems for use in various missile and space programs. Of the net proceeds from the stock sale, \$636,500 will be used for the repayment of short-term bank loans, \$200,000 for the expansion of the volume of work in process and of inventories of finished goods, \$125,000 for development of certain components for use with presently existing general purpose analog computers, and the balance for working capital.

In addition to certain indebtedness, the company has outstanding 390,000 shares of common stock, of which Monroe A. Miller, board chairman, owns 16.9%, Lloyd L. Gordon, vice president and treasurer, owns 16.6%, and the company's officers and directors as a group own 39.9%.

ACME-HAMILTON MANUFACTURING FILES FOR SECONDARY. Acme-Hamilton Manufacturing Corporation, 22 West 34th Street, New York, filed a registration statement (File 2-16858) with the SEC on July 28, 1960, seeking registration of 400,000 outstanding shares of common stock, to be offered for public sale at the then prevailing market prices by the present holder thereof, the company's president and board chairman. No underwriting is involved. During the first ten days after the effective date of the prospectus, one-half of the said shares will be offered to certain employees and representatives of the company for investment at \$2.00 per share.

The company operates three retail furniture stores located in retail trade districts in the city of New York and manufactures rubber products for home and industry. The merchandise sold directly in these stores

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includes furniture, home furnishings and other related merchandise, principally in the low and medium priced lines. In addition to various indebtedness, the company has outstanding 3,683,471 shares of common stock, of which Albert M. Kahn, board chairman and president, owns 2,664,157 shares (72%) and proposes to sell 400,000 shares.

COMINOL INDUSTRIES SHARES IN REGISTRATION. Cominol Industries, Inc., 1500 Massachusetts Ave., N. W. Washington, D. C., filed a registration statement (File 2-16859) with the SEC on July 28, 1960, seeking registration of shares of its common stock, as follows: (1) 97,333 shares underlying \$292,000 face amount of Series "A" Convertible Debentures; (2) 250,000 shares for which an offer of rescission is to be made; (3) 2,667 shares for which an offer of rescission is to be made; and (4) 15,000 shares to be exchanged with certain holders of company notes.

According to the prospectus, the \$292,000 of debentures are part of \$300,000 of debentures offered in 1958 from the sale of which the company received \$270,000 net. In addition to \$30,000 in commissions, the company granted warrants to purchase 55,000 shares at \$3 per share through December 16, 1963. The debentures are convertible at the rate of \$3 per share or 33-1/3 shares for each \$100 debenture. The company intends to call the debentures at their call price of \$104.50 for each \$100 debenture. Holders will have the option of converting into common for thirty days after the call date.

With respect to the 250,000 shares, as soon as the debentures are converted or redeemed the company plans to offer to all stockholders to rescind the sale of any shares made to them during the public offering of the company's stock in 1958 of the 250,000 shares at \$1 per share. According to the prospectus, the Commission on January 2, 1960, suspended the Regulation A exemption from registration pursuant to which this offering was made, stating "that it 'has reason to believe' that some of this stock was distributed to the public at prices higher than was disclosed in the offering circular . . ." The rescission offering price will be \$1 per share.

The prospectus further indicates that \$8,000 of the debentures were converted into 2,667 common shares; and the company intends to make an offer of rescission of this stock at the rate of \$3 per share. The remaining 15,000 shares are to be issued to certain persons holding notes of the company totalling \$88,596 in consideration for the cancellation of these notes. These individuals had sold 15,000 shares of stock in 1959 at an average price of \$7 per share, the proceeds of the sale thereof (with one exception) having been turned over to the company in return for non-interest-bearing notes in an equal amount.

UTAH POWER FILES FINANCING PROPOSAL. Utah Power & Light Company, 1407 West North Temple Street, Salt Lake City, today filed a registration statement (File 2-16861) with the SEC seeking registration of \$16,000,000 of First Mortgage Bonds due 1990 and 400,000 shares of \$25 par cumulative preferred stock, series A, to be offered for public sale at competitive bidding. The net proceeds from the sale of the securities will be used to pay \$19,000,000 in notes incurred for construction purposes; and the remaining proceeds, together with cash generated in the business, will be used to carry forward the construction program of the company and its subsidiaries. This program will require an aggregate of \$65,000,000 for the years 1960-1962 inclusive, of which \$19,000,000 (\$7,600,000 already expended) will be used in 1960.

UTAH POWER FILES POWER PROPOSAL. Utah Power & Light Company, Salt Lake City, has joined with its subsidiary, Telluride Power Company, in the filing of an application with the SEC under the Holding Company Act proposing an inter-company transaction; and the Commission has issued an order (Release 35-14262) giving interested persons until August 19, 1960, to request a hearing thereon.

Utah Power supplies the major portion of the electric power requirements of Telluride, whose load has grown to a level where a new major source of electric power is required. Utah Power, in connection with plans to connect its system to that of a non-affiliate, Arizona Public Service Company, has constructed a new transmission line in the service territory of Telluride. It is willing to grant Telluride a capacity right in the line sufficient for transporting electric power from Nephi to Sigurd, Utah, to relieve Telluride of the necessity of constructing its own line. Accordingly, Utah Power has agreed to grant Telluride the right to the use of 50,000 kw capacity in Utah Power's transmission line for the transmission and receipt of its power from the point of delivery at Nephi to Sigurd. Telluride will pay therefor an amount of money equivalent to the annual fixed charges and operating costs of the line that Telluride would have otherwise been required to build. Such annual charge is estimated at \$110,760.

BANGOR & ARROSTOOK CORP. FILES EXCHANGE OFFER. Bangor & Arrostook Corporation, 84 Harlow Street, Bangor, Maine, today filed a registration statement (File 2-16860) with the SEC seeking registration of 359,620 shares of common stock. The company proposes to offer this stock in exchange for all of the 179,810 common capital shares of Bangor and Arrostook Railroad Company, on the basis of two shares of the company for one share of the Railroad. Georgeson & Co. will solicit exchanges from stockholders of the Railroad and will be paid a fee of \$2,500 plus "reasonable out-of-pocket expenses".

The company was organized under Maine law in April 1960, by the Railroad and its directors. The exchange offer is to be made in connection with a plan for corporate reorganization of the Railroad which, according to the prospectus, is necessary because "it will be in the best interest of the Railroad if the corporate enterprise can develop sources of income in addition to its regular business as a carrier. . . . Expansion of the business into non-carrier activities appears to offer the best possibilities for significant growth." Any such expansion of business activities is likely to create a necessity for issuing securities and incurring debt.

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The Railroad itself is able to do these things so long as the purpose thereof relates to carrier activities. It has been advised by counsel that, under existing law and practice, neither stock nor debt securities having a maturity in excess of two years may be issued by a railroad for the purpose of engaging in non-carrier activities. It is for this reason that Railroad's management is pursuing a plan for corporate reorganization. Under the plan, the new company will become the parent of the Railroad. No determination has been made as to the type or types of enterprises in which the company will engage.

The only stockholders of the company are its directors, each of whom has subscribed for one qualifying share of its common stock. If the exchange offer is declared effective, these subscriptions will be canceled. Ernst D. van Loben Sels is listed as board chairman and W. Gordon Robertson as president.

DIAMOND ALKALI FILES THRIFT PLAN. Diamond Alkali Company, 300 Union Commerce Bldg., Cleveland, filed a registration statement (File 2-16863) with the SEC on July 28, 1960, seeking registration of 168,199 shares of common stock, to be offered pursuant to the company's 1960 Employee Thrift Plan.

TRADING SUSPENDED IN CONSOLIDATED DEVELOPMENT (CUBA) STOCK. The SEC has ordered the further suspension of trading on the American Stock Exchange and over-the-counter market in the common stock of Consolidated Development Corporation (formerly Consolidated Cuban Petroleum Corporation), of Havana, Cuba, for the ten-day period July 31 to August 9, 1960, inclusive. (Release 34-6331).

MELPAR FILES OFFERING PLAN. Melpar, Inc., 3000 Arlington Boulevard, Falls Church, Virginia, today filed a registration statement (File 2-16862) with the SEC, seeking registration of 217,000 shares of capital stock. The company proposes to offer this stock for subscription by holders of the outstanding common stock of Westinghouse Air Brake Company at the rate of one share of the company's stock for each 20 shares of Westinghouse Air Brake stock held of record on September 9, 1960. The subscription price and underwriting terms are to be supplied by amendment. The First Boston Corporation is listed as the principal underwriter. Melpar engages in research, development and production of electronic equipment for the U. S. Government and its major prime contractors. Virtually all its business is related to national defense. The company's efforts in the electronic field are especially directed to the areas of reconnaissance, simulation and training systems, data handling, fuzes and radar beacons communications, antennas, and countermeasures.

All of the company's outstanding 2,250,000 shares of capital stock are owned by Westinghouse Air Brake, which also holds a \$4,000,000 note of the company. In addition, the company has outstanding \$7,682,674 of bank notes. The net proceeds from the sale of additional stock will be applied to the repayment of a portion of the \$4,000,000 of notes. The prospectus lists A. King McCord as board chairman and Thomas Meloy as president.

SEC WARNS ON CANADIAN OFFERING. Investors in the United States are warned that an extensive mail and long-distance telephone sales campaign is occurring from the Province of Quebec, Canada, by St. Lawrence Industrial Development Corporation, 1255 Phillips Square, Montreal, P.Q. Canada, selling a land investment contract.

The Commission is informed that known securities violators connected with this campaign are employing false and fraudulent representations, including representations that \$1.00 invested for one year will produce \$5.00, that this a once-in-a-lifetime unprecedented opportunity for unusual profits, and that the economic prospects of the venture are being misrepresented.

There is reason to believe that persons formerly associated with Canam Investments, Ltd., whose registration was recently suspended by the Administrator of the New Brunswick Securities Act because of fraudulent practices, are now associated with the St. Lawrence Industrial Development Corporation and that very similar selling methods are being used. See Securities Act Release No. 4247 and No. 4257.

No registration has been filed under the Securities Act of 1933 covering these investment contracts or profit-sharing agreements.

Persons solicited by mail or telephone by any person representing the above, should immediately communicate with the Securities and Exchange Commission, Washington 25, D. C.

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