

# 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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Washington 25, D.C.

FOR RELEASE December 27, 1960

Statistical Release No. 1725. The SEC Index of Stock Prices, based on the closing price of 300 common stocks for the week ended December 23, 1960, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1960, is as follows:

	1957-59 = 100		Percent Change	1960	
	12/23/60	12/16/60		High	Low
Composite	116.2	115.8	+0.3	121.4	107.7
Manufacturing	111.0	111.5	-0.4	122.0	103.6
Durable Goods	114.6	116.7	-1.8	129.5	107.7
Non-Durable Goods	107.6	106.8	+0.7	115.1	99.5
Transportation	92.7	92.3	+0.4	108.3	87.1
Utility	141.1*	136.5	+3.4	141.1	118.4
Trade, Finance & Service	133.9	133.0	+0.7	134.1	120.5
Mining	80.8	78.8	+2.5	86.7	67.0

\* New High

SECURITIES ACT REGISTRATION STATEMENTS. During the week ended December 22, 1960, 22 registration statements were filed, 17 became effective, 3 were withdrawn, and 302 were pending at the week end.

ALLEN MCFARLAND & CO ENJOINED. The SEC Washington Regional Office announced December 23rd (LR 1866) the entry of a Federal court order (USDC DC) permanently enjoining Allen, McFarland & Company, Inc., of Washington, D.C., and its officers, Otto J. Allen and Joseph W. McFarland, from further violating the net capital and anti-fraud provisions of the Securities Exchange Act.

AMERICA-ISRAEL PHOSPHATE FILES FOR OFFERING. America-Israel Phosphate Company, Inc., 82 Beaver Street, New York, filed a registration statement (File 2-17409) with the SEC on December 23, 1960, seeking registration of 125,000 shares of common stock, to be offered public sale at \$4 per share. Each share of common stock will carry two warrants entitling the holder to purchase with each warrant one new share to be offered by the company in the first issue of shares following this one, at a discount of 25% below the offering price. Public offering of the shares is to be made by Casper Rogers Company on a best efforts basis, for which it will receive a selling commission of 60¢ per share. In addition, the underwriter has been granted a three-year option to purchase 25,000 shares at \$4 per share; and the promoters as part of their original purchase of capital shares have been granted similar options to buy 35,900 shares at \$4 per share.

The company was organized under Delaware law in March 1960. Its purpose is to prospect and explore for phosphate mineral resources which are believed to exist in substantial quantity in the Negev, the southern part of Israel. Pursuant to its contract with the Government of Israel, the company has organized a wholly owned Israeli subsidiary, America-Israel Phosphate Company, Ltd., through which the company's business will be carried on in that country. Under the terms of the contract, the company must deposit \$55,000 to the credit of the subsidiary shortly after the subsidiary is authorized to begin operations. The company intends to make this money available by way of a loan to the subsidiary. If such money is required before sufficient shares are sold it will be borrowed by the company and repaid from the proceeds of this stock sale. Of the \$425,000 net proceeds from the stock sale, \$300,000 will be used during the first two years to cover the costs of equipment and services for prospecting and exploration, including core drilling; \$75,000 for ore evaluation, testing, administration, travel, reports, expert consulting services and related expenses during the first two years; and the balance for contingencies and emergency outlays during the 24 month period from the commencement of operations to the award of the concession, and for costs of projecting and creating the financing and development of the production program.

The company has outstanding 179,500 shares of common stock, of which Albumina Supply Co. of New York, owns 123,000 shares and management officials as a group own 45,500 shares. Oscar L. Chapman is listed as

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board chairman and Walter B. Frank as president. Frank is also listed as president and principal stockholder of Albumina Supply. Albumina Supply received its shares in return for the advancement of funds for travel and other services, while the other promoters acquired their shares at 10¢ per share.

**P&C FOOD MARKETS FILES FOR OFFERING.** P&C Food Markets, Inc., Geddes, New York, filed a registration statement (File 2-17410) with the SEC on December 23, 1960, seeking registration of 32,000 shares of common stock, to be offered for public sale at \$12.50 per share through a group of underwriters headed by First Albany Corporation. The underwriters will receive a \$1 per share commission. The registration statement also includes 8,000 common shares to be offered to the company's officers and other employees at \$11.50 per share.

The company operates a chain of 46 retail self-service food and grocery supermarkets in central New York State, 14 of which are located in the Syracuse metropolitan area. Of the net proceeds from the stock sale, \$300,000 will be used to carry inventories for 5 new stores which the company expects to open in 1961; \$100,000 to purchase inventories not previously carried by the company of certain frozen and non-food items; and the balance for general corporate purposes.

In addition to various indebtedness and two series of preferred stock, the company has outstanding 230,486 shares of common stock, of which Cooperative Grange League Federation Exchange, Inc. owns 82,622 shares, Dairy-men's League Cooperative Association, Inc. owns 45,830 shares, and Producers' Livestock Association owns 68,370 shares. J.C. Corwith is listed as board chairman and Thomas A. Rich as president.

**BOONTON ELECTRONICS FILES FOR OFFERING.** Boonton Electronics Corporation, 738 Speedwell Avenue, Morris Plains, New Jersey, filed a registration statement (File 2-17411) with the SEC on December 23, 1960, seeking registration of 60,000 shares of common stock and attached warrants, to be offered for public sale in units, each unit consisting of one common share plus  $\frac{1}{2}$  of a 2-year warrant. One full warrant will be required to purchase one share at \$5.50 per share during the first year and \$6.50 per share the second year. The offering is to be made on an all or none basis, at \$5.50 per unit, through Ross, Lyon & Co., Inc. and Globus, Inc., for which the underwriters will receive a commission of 50¢ per unit. The company has sold to Ross, Lyon & Co. a \$55,000 principal amount 3% convertible note, due January 1962, and warrants to purchase 5,000 common shares, for an aggregate of \$55,000, which note will be converted on the effective date of this offering into 10,000 common shares. The company also has sold to a limited group, including the underwriters and persons associated with Globus, Inc. 17,500 common shares and warrants to purchase an additional 17,500 common shares for an aggregate of \$19,250.

The company designs and manufactures precision electronic measuring equipment. These products are sold for use in testing a wide variety of electronic equipment and components. The \$270,000 net proceeds from the stock sale will be used as follows: \$10,000 to move to new plant facilities, including leasehold improvements, moving expenses, and security deposits; \$135,000 to expand production facilities, discount purchases, and to purchase inventory items in quantity; \$45,000 for additional advertising and sales promotion; and \$80,000 to expand research and development. The proceeds received from the exercise of warrants will be used as additional working capital. In addition to certain indebtedness, the company has outstanding 317,500 shares of common stock, of which Jack Frucht, president, Ernest A. Porter, board chairman, and John H. Mennie and John M. Young, vice presidents, own 75,000 shares each.

**CANADIAN RESTRICTED LIST.** The SEC today announced the addition of Ibsen Cobalt-Silver Mines Limited to its Canadian Restricted List (Release 33-4309), bringing to 237 the number of Canadian companies whose securities recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

**CITIES SERVICE GRANTED EXEMPTION.** The SEC has issued an order under the Holding Company Act (Release 35-14340) declaring that Cities Service Company has ceased to be a "holding company" as defined in the Holding Company Act. Accordingly, Cities Service is no longer subject to the Commission's jurisdiction under the Act. However, the Commission reserved jurisdiction over fee allowances paid or to be paid in connection with the recent proceedings which culminated in the purchase by Cities Service of the minority public interest in Arkansas Fuel Oil Corporation.

**ERWIN J. DRUKE ENJOINED.** The SEC Seattle Regional Office announced December 19th (LR 1867) the entry of a Federal court order (USDC, Ore.) permanently enjoining Erwin J. Druke of Salt Lake City from further violating the anti-fraud provisions of the Securities Act in the offer and sale of stock of New Hemisphere Life Insurance Company.

**THERMODYNAMICS PROPOSES OFFERING AND SECONDARY.** ThermoDynamics, Inc., 1366 W. Oxford Ave., Englewood, Colo., today filed a registration statement (File 2-17413) with the SEC seeking registration of 285,000 shares of common stock, to be offered for public sale by the company at \$3.50 per share through underwriters headed by Lowell, Murphy & Co., Inc., who will receive a commission of 35¢ per share. The statement also includes 30,089 outstanding shares, to be offered by two officers of the company.

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Formerly known as Agricultural Equipment Corp., the company in September 1960 acquired the business and assets (subject to its liabilities) of Howry-Berg Steel and Iron Works, Inc., for which 35,089 shares of ThermoDynamics were issued. More recently, it acquired all the stock of Tull-Williams Company, Inc., which holds an exclusive contract for the distribution of products of Andreas Stihl Maschinenfabrik of West Germany. The said products consist of the Stihl chain saw and Stihl "Go-Kart" gasoline engines and lightweight deisel engines. The issuer also acts as distributor for Roper Manufacturing Company of Ohio, manufacturer of tractor attachments; is a 7-state distributor for Thomas Industries with respect to its reciprocating power saw; has recently entered into the field of manufacture of cryogenic gas reclamation and transferral systems; manufactures a line of L-P gas thermo-shock weed control devices and portable furnaces; and manufactures on a custom engineering basis industrial equipment involving special steel fabrication such as concrete batch plants, aggregate bins and hoppers, bucket elevators, and belt and screw conveyors. Net proceeds of the sale of additional stock by the company will be used for the retirement of \$150,000 of accounts payable and of some \$212,000 of bank and other notes; \$161,000 for plant expansion and office facilities, for additional machinery and equipment, and for cryogenic testing laboratory; \$50,000 to carry inventories and \$100,000 to carry accounts receivable; \$30,000 for advertising and promotion; and the balance for working capital.

In addition to certain indebtedness, the company has outstanding 148,359 common shares, of which management officials own 31.8%. Of the 35,089 shares received in exchange for Howry-Berg stock, Elmer C. Berg proposes to sell 12,545 of 17,545 shares and Earl C. Liston all of 17,544 shares. They are vice presidents of the issuer.

SEC ISSUES SECURITIES CORPORATION GENERAL DECISION. The Securities and Exchange Commission today discontinued proceedings instituted to determine whether it should revoke its order issued on December 30, 1959 under the Investment Company Act of 1940, exempting from the prohibition of the Act against transactions between a registered investment company and its affiliate, the sale by Securities Corporation General, of New York City, a registered investment company, of 51.25% of the outstanding stock of Anemostat Corporation of America to Dynamics Corporation of America, which held about 33% of such stock.

Subsequent to issuance of the exemption order, the Commission had been informed that the purported directors of SCG at the time the sale was negotiated and the exemption application was filed had not been elected in accordance with the provisions of Section 16(a) of the Act, which requires directors of registered investment companies to be elected by the stockholders at annual or special stockholders meetings, with certain exceptions relating to the filling of vacancies occurring between stockholder meetings. The instant proceedings were thereupon instituted. It was conceded by SCG that at least two of the three directors of that company during the period in question had not been elected in accordance with the provisions of Section 16(a). However, the Commission rejected the contention of Aaron M. Nadler, a stockholder of the company and other stockholders associated with him, that because of such non-compliance the exemptive order was automatically void.

While stating that Section 16(a) served an important purpose in the administration of the Act, and that non-compliance with its terms was not to be condoned, the Commission held that, under the circumstances, where persons purporting to and in fact exercising the functions of directors authorized an exemption application, where the Commission had issued an exemption order, where the transaction had been consummated in reliance thereon, and where the acts performed by the purported directors would not have been beyond the authority of a legally elected board of directors, the defect in the election of the board made the Commission's order voidable but not void.

The Commission then considered the factors it deemed relevant to a determination whether or not, in the exercise of its discretion and under the general standard of the public interest and the protection of investors, it should revoke the exemption order. It noted that the failure to comply with Section 16(a) was inadvertent; that since the persons who caused the change in the board of directors owned a majority of the outstanding stock, they could have elected, and at the next regular stockholder meeting did elect, their representatives as directors in compliance with Section 16(a); that there was no evidence of fraud or overreaching in the Anemostat transaction or in the submission of the exemption application; that it had examined the proposed transaction and had found that its terms were reasonable and fair and did not involve overreaching; and that the transaction was thereafter consummated in accordance with the order. The Commission accordingly concluded that there was no basis for revoking the exemption order.

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