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 December 28, 1960

RESERVE FINANCE CORP. 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 stock by Reserve Finance Corporation, 817 17th Street, Denver, Colorado.

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 February 4, 1960, Reserve Finance proposed the public offering of 150,000 common shares at $2 per share. In its suspension order, the Commission asserts that Reserve Finance failed to comply with certain terms and conditions of the regulation; that its offering circular is false and misleading by reason of its failure to disclose certain material facts; and that its stock offering has been and would be made in violation of Section 17(a) (the anti-fraud provision) of the Act. The order provides an opportunity for hearing, upon request,on the question whether the suspension should be vacated or made permanent.

More particularly, the Commission's order asserts that the notification filed by Reserve Finance failed to disclose that Business Finance Service Corporation is an affiliate; that it failed to disclose that shares were to be offered in Nebraska; and that a report of stock sales failed to disclose adequately the manner in which the proceeds of such sales were used. Moreover, according to the order, the company's offering circular failed to disclose (1) that payments were to be made to the underwriter in excess of the underwriting commission; (2) that payments and loans were made to or on behalf of the company's president, and the resulting benefits to him; (3) the full extent of the president's past and present activities in an affiliated company and other companies connected with the issuer; (4) agreements between the president and the underwriter relating to the former's participation in the stock offering; (5) that certain of the notes purchased by the issuer were to be purchased without recourse;(6) transactions with and payments to an affiliated company; and (7) an accurate statement of the purposes for which the proceeds of the stock offering were to be used.

WESTMINSTER FUND SEEKS ORDER. Westminster Fund, Inc., Elizabeth, N.J. investment company, has applied to the SEC for an order under the Investment Company Act permitting certain affiliate brokers to receive commissions in connection with the sale of securities to the Fund in exchange for the Fund's shares in an amount in excess of the commissions provided in Section 17(e) of the Act; and the Commission has issued an order (Release 40-3168) giving interested persons until January 10, 1961, to request a hearing thereon.

According to the application, the Fund now has outstanding 8,000 common shares, which are privately held. It proposes to offer interested persons an opportunity to participate in a simultaneous tax-free exchange of Fund shares for securities owned by them having a market value, with respect to each such person, of not less than $25,000 and which in the aggregate will not be less than $30,000,000. Kidder, Peabody & Co. will be employed to form and manage a group of securities dealers who will solicit interested persons to deposit securities with a bank depositary for such exchange. Under the terms of the offer, the depositor will in effect pay a sales commission ranging from 4% to 1¼%, depending upon the value of the deposited securities. About 87½% of the sales commissions are to be paid to the soliciting brokers.

It is expected that Wood, Walker & Co. and Dick & Merle-Smith, both New York firms, will become soliciting brokers. A member of each such firm also serves as a director of the Fund and, accordingly, are affiliates of the Fund. Under the proposal, they would receive commissions in excess of the 1% maximum permitted under Section 17(e) of the Act; and the application seeks an exemption from this provision so as to permit the two firms to receive commissions exceeding that limitation.

STOP & SHOP SHARES IN REGISTRATION. Stop & Shop, Inc., 393 D Street, Boston, Mass., filed a registration statement (File 2-17412) with the SEC on December 27, 1960, seeking registration of 256,695 shares of common stock. Such shares include (1) 103,361 shares to be offered from time to time to certain officers and key employees pursuant to the company's Restricted Stock Option Plan, all or any of which may be re-offered to the public, (2) 56,874 shares now owned by certain officers and key employees acquired by them on exercise of options issued under the Plan or issued in stock distributions in respect of shares acquired on exercise of options, and (3) 96,460 shares issued to certain persons in the acquisition of the stock of various corporations or as stock distributions in respect of shares issued in such acquisitions.

OVER

AUTOMOBILE BANKING PROPOSES DEBENTURE OFFERING. Automobile Banking Corporation, 6 Penn Center Plaza, Philadelphia, Pa., filed a registration statement (File 2-17414) with the SEC on December 27, 1960, seeking registration of $2,000,000 of capital debentures and attached warrants, to be offered for public sale in units consisting of one $1,000 debenture and a 5-year warrant to purchase 50 shares of Class A common stock. The principal underwriters are listed as Reynolds & Co., Inc. and Cruttenden, Podesta & Co. The interest rate of the debentures, exercise price of the warrants, public offering price of the units and the underwriting terms are to be supplied by amendment.

The company and its subsidiaries are primarily engaged in the consumer loan business and in the business of sales financing, principally of automobiles.Of the net proceeds from the debenture sale and from the exercise of the warrants, $373,000 will be used for the retirement of the outstanding amount of the 5½% capital convertible debentures, and the balance to expand the company's consumer loan business by the purchase of receivables and by the acquisition of assets or securities of other consumer loan companies.

In addition to various indebtedness and three series of preferred stock, the company has outstanding 353,889 shares of Class A common and 62,750 shares of common stock. Louis M. Seiver, president, owns 30,000 shares of the common stock and management officials as a group own 34,763 shares of common and 27,333 shares of Class A stock.

DIGITRONICS FILES FOR OFFERING AND SECONDARY. Digitronics Corporation, Albertson Avenue, Albertson, Long Island, New York, filed a registration statement (File 2-17415) with the SEC on December 27, 1960, seeking registration of 50,000 shares of capital stock, to be offered for public sale through a group of underwriters headed by Granbery, Marache & Co. The public offering price and underwriting terms are to be supplied by amendment. Up to 20,000 of such shares may be sold by the underwriters to one or more purchasers designated by the company at the public offering price less an underwriting discount. Also included in the statement are 84,050 outstanding shares which are part of 150,000 shares which had previously been owned by the four organizers of the company and which were acquired by certain investors in September 1959 and may be offered for sale by them from time to time in the future.

The company was organized under Delaware law in 1957 by Albert A. Auerbach, president, Eugene Leonard and Robert F. Shaw, vice presidents, and Norman Grieser. It specializes in the design and production of electronic devices for the automation of various commercial processes. At the present time it is principally engaged in the design, manufacture, sale or lease, installation and maintenance of electronic digital systems, and the design, manufacture and sale of electronic components, for data handling and file processing. Of the net proceeds from the stock sale, $200,000 will be used to retire short-term bank loans and the balance will be added to general funds, to be used toward financing new product development and the cost of equipment available for lease to customers, and for additional working capital.

The company has outstanding 396,066 shares of capital stock, of which Eric H. Haight, board chairman, owns 59,800 shares and management officials as a group own 111,474 shares. Of the 84,050 outstanding shares included in this registration statement, Haight owns 39,050 shares and persons for whom the principal underwriter acted as agent 36,450 shares.

MILO ELECTRONICS PROPOSES OFFERING. Milo Electronics Corp., 530 Canal St., New York, filed a registration statement (File 2-17416) with the SEC on December 27, 1960, seeking registration of 150,000 shares of common stock, to be offered for public sale at $5 per share. The offering will be made by underwriters headed by Myron A. Lomasney & Co., who will receive a commission of 75¢ per share. The company also will issue to the underwriters 15,000 five-year stock purchase warrants at an aggregate price of $150, the warrants to be exercisable at from $5 to $6.50 per share depending on the exercise date. In addition, Lomasney & Co. has purchased 10,000 shares at $2.50 per share from Milton A. Putterman, president and principal stockholder. The registration statement also includes an additional 30,000 common shares reserved for issuance upon the exercise of restricted stock options granted to certain officers, directors and employees of the company.

The company is a wholesaler and distributor of electronics parts, components and equipment which are produced by major manufacturers of such items in the United States, and it sells primarily to industrial customers. Net proceeds of its stock offering, estimated at $601,500, will be added to the company's general funds and used as follows: to discharge $233,000 of short term bank obligations and indebtedness to a stockholder (the proceeds of which have been used to provide additional working capital); and $368,500 for the purchase of additional inventory.

Of the 360,000 outstanding common shares, 350,000 shares or 97.2% are owned by Putterman. The October 31, 1960, book value of the outstanding shares was $1.26 per share.

CONNELLY CONTAINERS FILES STOCK PLAN. Connelly Containers, Inc., Pencoyd, Pa., filed a registration statement (File 2-17417) with the SEC on December 27, 1960, seeking registration of 23,783 shares of common stock, to be offered under the company's Salaried Employees' Stock Purchase Plan for 1961.

PANTEX MFG. CORP. FILES FOR RIGHTS OFFERING AND SECONDARY. Pantex Manufacturing Corporation, 521 Roosevelt Ave., Central Falls, Rhode Island, filed a registration statement (File 2-17419) with the SEC on December 27, 1960, seeking registration of 513,299 shares of capital stock, of which 307,222 shares are to be offered for sale by the issuing company and 206,077 shares, being outstanding stock, by the present holders thereof.

CONTINUED

The stock being issued by the company will be offered for subscription by holders of outstanding capital stock at the rate of one new share for each three shares or fraction thereof held. The record date, subscription price and underwriting terms are to be supplied by amendment. The prospectus is silent as to an underwriting.

The company is engaged in the business of manufacturing laundry and dry cleaning machinery, which it distributes both through a direct sales organization and through distributors; and it also manufactures steam generators of up to 60 boiler horsepower, and return systems for commercial use, as well as other products. Of the net proceeds of the company's sale of additional stock, $450,000 will be expended for the acquisition of 200,000 shares of Tel-A-Sign, Inc., which shares the directors have agreed to distribute as a dividend to company shareholders after completion of this offering; and the balance will be added to general funds and be available for general corporate purposes, including working capital. The company now owns 100,000 common shares of Tel-A-Sign, Inc., and a term loan of $225,000; and it has the option to exchange the loan or 100,000 shares and expects to exercise options for an additional 200,000 shares at a price of $2.25 per share from the proceeds of the proposed stock sale for a total possible investment of 400,000 shares of Tel-A-Sign. The latter is an Illinois corporation which is engaged chiefly in the business of manufacture and sale of illuminated and non-illuminated signs. Of this stock, 200,000 shares will be distributed to common stockholders of the company at the rate of about one share of Tel-A-Sign for each six company common shares.

The company now has outstanding 22,460 shares of $25 par preferred and 921,667 shares of common stock in addition to $720,000 of sinking fund notes. The principal stockholders include Northeast Investment Co. (80,000 shares) and Caldwell Investment Co. (71,000 shares); and each proposes to sell 50,000 shares. Opal Standard, Inc., is said to own all the outstanding stock of the two investment companies. An additional 72,727 shares are owned by Soundings Incorporated and 20,000 by Norton Portland Corporation, all of which are to be sold; and Armand D. Cerami, board chairman, owns 15,200 shares and proposes to sell 5,000 shares. Three others propose to sell an aggregate of 8,350 shares.

STOCK DELISTING AND UNLISTED TRADING APPROVED. The SEC has issued an order (Release 34-6439) authorizing delisting of the common stock of Hoover Ball and Bearing Company from the Detroit Stock Exchange and granting an application of said Exchange for unlisted trading privileges in said stock (which remains listed on the New York Stock Exchange).

UNLISTED TRADING GRANTED. The SEC has issued an order (Release 34-6439) authorizing unlisted trading privileges (a) on the Philadelphia-Baltimore Stock Exchange in the common stock of Rohr Aircraft Corporation and (b) on the Cincinnati Stock Exchange in the stocks of Aluminum Co. of America, Ampex Corp., General Telephone & Electronics Corp., Goodyear Tire & Rubber Co., Gulf Oil Corp., Minnesota Mining & Manufacturing Co., United Aircraft Corp., and Western Union Telegraph Co.

UNLISTED TRADING SOUGHT. The SEC has issued an order (Release 34-6439) giving interested persons until January 13, 1961, to request a hearing upon applications of the Pacific Coast Stock Exchange for unlisted trading privileges in the stocks of Campbell Soup Co., The Firestone Tire & Rubber Co., General Mills, Inc., The National Cash Register Co., Outboard Marine Corp., Thiokol Chemical Corp., Universal Oil Products Co., and The Upjohn Co.

EQUITY INVESTMENT CORP. ENJOINED. The SEC Denver Regional Office announced December 21 (LR 1868) the entry of a Federal court order (USDC Colo.) permanently enjoining Equity Investment Corporation and Robert F. Barbey, its president, from further violating the SEC net capital rule.

ERNEST N. ROBB ENJOINED. The SEC New York Regional Office announced December 22 (LR 1869) the entry of a Federal court order (USDC, SDNY) permanently enjoining Ernest N. Robb, a partner of Babson, Kaye & Robb Co., from further violating the SEC net capital and record-keeping rules. The firm and two other partners were previously enjoined. The court named Henry Kohn as receiver of the firm's assets.

NATIONAL INVESTORS ACQUISITION CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release 40-3166), permitting National Investors Corporation, New York investment company, to issue its shares at their net asset value for substantially all the cash and securities of The Andrew Lawrence Corporation.

VIRGINIA CAPITAL ACQUISITION CLEARED. The SEC has issued an exemption order under the Investment Company Act (Release 40-3167) permitting Virginia Capital Corporation, Richmond investment company, to purchase $200,000 of $300,000 of 8% subordinate notes (with warrants) to be issued by a corporation which will own all the outstanding common stock of James F. Newcomb Company, Inc., a commercial printing company. The balance of the notes will be purchased on the same terms by certain affiliates of the investment company.

CORRECTION. In the SEC News Digest of December 23, 1960, in the item relating to Futterman Corporation, it was incorrectly stated that Futterman proposed to purchase Arva Hotel properties from Hotel Corporation of America, whereas the seller is the Hotel Corporation of Virginia.

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