

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 May 12, 1959

APPEAL FROM NASD EXPULSION OF CHURCHILL SECURITIES DISMISSED

The SEC today announced the dismissal of a petition by Churchill Securities Corporation, 39 Broadway, New York, and by Nat Girsky, Emanuel Bisgeier, and Melvin Heiman, officers, controlling stockholders and registered representatives of Churchill Securities, for review of disciplinary action, in the form of expulsion of Churchill Securities and revocation of the registrations of the individuals, taken against them by the National Association of Securities Dealers, Inc.

The review petition was dismissed as moot, the Commission having on February 10, 1959 (Release 34-5871) revoked the broker-dealer registration of Churchill Securities and found the three individuals to be causes of the revocation order. The Commission's revocation order was based upon a New York Supreme Court decree enjoining the company and the individuals from engaging in the securities business, the complaint alleging that Churchill Securities had engaged in the securities business without disclosing that it was insolvent, and upon the conduct of business in violation of the Commission's net capital rule, which "subjected its customers to undue financial risks."

CONSOLIDATED ENTERPRISES ENJOINED

The SEC New York Regional Office announced May 8, 1959 (Lit. Release No. 1441), that Consolidated Enterprises, Ltd., and Oscar L. Hausner had been enjoined (USDC, SDNY) from further violations of the Securities Act registration requirement in the offer and sale of Universal Minerals Resources, Inc., stock without registration.

HEARING GRANTED ON NORTH AMERICAN EXPLORATION SUSPENSION

The Securities and Exchange Commission has granted a request for a hearing, to be held on June 4, 1959, in the Federal Building, Spokane, Wash., on the question whether to vacate, or make permanent, the temporary suspension of a Regulation A exemption from registration under the Securities Act of 1933 with respect to a proposed public offering of stock by North American Exploration Co., Inc., of Spokane.

In a notification filed February 26, 1959, the Exploration Co. proposed the public offering of 3,000,000 common shares at 10¢ per share pursuant to the conditional exemption from registration provided by Regulation A. The exemption was temporarily suspended by Commission order of April 2, 1959, which order asserted that the company's offering circular is false and misleading in respect of various material facts and that the stock offering would violate Section 17 (the anti-fraud provision) of the Securities Act.

At the June 4th hearing, inquiry will be conducted into the question whether the said circular is false and misleading in the respects charged and whether the suspension order should be vacated or made permanent.

KAISER ALUMINUM FILES FOR EXCHANGED SHARES

Kaiser Aluminum & Chemical Corporation, 1924 Broadway, Oakland, Calif., filed a registration statement (File 2-15097) with the SEC on May 11, 1959, seeking registration of 64,028 shares of Cumulative Convertible (1959 Series) Preference Stock, \$100 par, and 128,052 shares of Common
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Stock. On May 1, 1959, Mexico Refractories Company was merged into Kaiser Aluminum and the outstanding stock of Mexico was converted into shares of preferred and common stock of Kaiser Aluminum. Certain of the former shareholders of Mexico were in a controlling relationship to Mexico; and possible resale of the Kaiser Aluminum stock is the reason for the filing of this registration statement. Among the fourteen selling stockholders are John B. Arthur, who received 13,982 preferred and 27,965 common shares in the Mexico merger; Greeta B. Arthur, 6,921 and 13,843; Dorothy Arthur Bachmann, 7,407 and 14,813; Bettie Arthur Hook, 7,320 and 14,630; and J. H. Kruson, 7,288 and 14,576.

M & S OILS FILES FOR OFFERING

M and S Oils Limited, 5 Cobbold Block, Saskatoon, Saskatchewan, filed a registration statement (File 2-15098) with the SEC on May 11, 1959, seeking registration of 390,000 shares of stock. It is proposed to offer the stock at an initial offering price of 60¢ per share. The offering is to be made by Cumberland Securities Ltd., of Regina, the underwriter, who holds an option to purchase the 390,000 shares at 50% of the public offering price.

The company was organized in 1949 to acquire petroleum and natural gas interests, to prospect for and develop oil and natural gas wells, to buy and sell oil and natural gas and perform other related activities. It is primarily interested in the speculative exploration and development of petroleum and natural gas interests. According to the prospectus, it now has an interest in four producing oil wells.

The company now has outstanding 854,162 shares. It derived from the sale of 110,000 shares sold to Cumberland Securities pursuant to an option agreement of August 13, 1958, the sum of \$30,000, of which it has expended \$21,297 for administrative, exploration and development and acquisitions. It proposes to expend the balance and the net proceeds of this proposed public offering in various exploration, drilling and development operations.

PLASTIC MATERIALS & POLYMERS FILES OFFERING PROPOSAL

Plastic Materials & Polymers, Inc., Hicksville, Long Island, N. Y., filed a registration statement (File 2-15099) with the SEC on May 11, 1959, seeking registration of 143,750 shares of common stock. The stock is to be offered for public sale at \$4 per share through Filor, Bullard & Smyth, which is committed to purchase all shares offered if any are purchased. Underwriting commissions are to be supplied by amendment. The underwriter also is to purchase for \$500 an option to acquire 10,000 common shares at 75¢ per share over a five year period.

The company is primarily engaged in the compounding and coloring of thermoplastic raw materials and the sale of the resultant product to its customers; and it also is engaged through a subsidiary in compounding and custom coloring plastic materials for prime manufacturers of raw materials on a fee basis and in an operation of a trading nature involving off-grade virgin plastic materials purchased from prime manufacturers. Net proceeds of this stock offering will be added to the general funds of the company; and some \$200,000 will be invested in Eastern Plastic Materials, Inc., a Rhode Island corporation recently formed to carry on the Rhode Island operations. The funds so invested will be used by that company to install machinery in and otherwise equip a plant in North Smithfield, R. I., and for working capital. Eastern will be owned 80% by Plastic Materials and 20% by Kenneth G. Roberts, who will manage its plant. Plastic Materials now has outstanding 431,250 common shares, held in equal amounts by George Gould, president, Benjamin Kretkowski, vice president, and Louis Kogan, secretary-treasurer.

FRANKLIN ELECTRIC FILES FOR OFFERING AND SECONDARY

Franklin Electric Co., Inc., 400 East Spring St., Bluffton, Ind., today filed a registration statement (File 2-15100) with the SEC seeking registration of 40,000 shares of common stock. Of this stock, 20,000 shares are to be offered for public sale by the company. The balance, representing outstanding stock, is to be sold by the present holders thereof. Fulton Reid & Co., Inc., of Cleveland is listed as the principal underwriter; and the public offering price and underwriting commissions are to be supplied by amendment.

The company manufactures electric motors, both general purpose and submersible, to power gasoline and water pumps, dairy agitators, coffee and soft drink dispensers, hospital beds, garage doors, washing machines, industrial tools, and other appliances and equipment. Net proceeds of its proposed

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stock sale will be advanced to a subsidiary for the purpose of constructing an addition to a building being leased from the subsidiary. The company's office and plant are owned by the subsidiary, which is engaged in the construction of an addition thereto at an estimated cost of \$450,000. Additional funds required for the construction will be advanced by the parent from its general corporate funds.

Franklin Electric now has outstanding (in addition to indebtedness and preferred stock) 356,096 common shares. The prospectus lists three selling stockholders, E. J. Schaefer, president, who proposes to sell 10,000 of his holdings of 112,048 shares; T. W. Kehoe, a director, 5,000 of 18,948; and Ruth Kehoe, 5,000 of 57,000.

UNITED GAS IMPROVEMENT PROPOSES BOND OFFERING

The United Gas Improvement Company, 1401 Arch St., Philadelphia, today filed a registration statement (File 2-15101) with the SEC seeking registration of \$10,000,000 of First Mortgage Bonds, Series due 1984, to be offered for public sale at competitive bidding. Net proceeds of the sale of the bonds will be used to reimburse, in part, the treasury of the company for property additions and improvements and to meet, in part, the cost of the continuing construction program, including the retirement of bank loans incurred in connection with such program. Such loans are expected to amount to \$1,500,000 on June 5, 1959. The company estimates its construction program at \$32,687,000 for the period April 1, 1959, to December 31, 1963.

AMERICAN NATURAL GAS FILES TAX ALLOCATION PROPOSAL

American Natural Gas Company, New York holding company, has joined with its seven subsidiaries in the filing of a proposal with the SEC for the allocation of their consolidated Federal income tax liabilities; and the Commission has issued an order (Release 35-14001) giving interested persons until May 25, 1959, to request a hearing thereon.

According to the application, \$29,803,943 of the cost of facilities completed in 1956 and 1957 by one of the subsidiaries, American Louisiana Pipe Line Company, is eligible for accelerated amortization of emergency facilities under a Necessity Certificate; that pursuant to Section 168 of the Internal Revenue Code of 1954, American Louisiana has elected to amortize such cost for tax purposes over the years 1956 to 1962, inclusive; and that the inclusion of such amortization deductions in the consolidated tax returns of the American Natural group gives rise to certain inequities in the allocation of the consolidated tax liabilities among the members of the group if effected in accordance with the exemptive provisions of SEC Rule 45(b)(6). Accordingly, the members of the group propose to enter into an agreement providing that, beginning with the tax return for 1956 and thereafter, the consolidated tax liabilities of the group will be allocated (1) by computing the consolidated tax as though American Louisiana had not elected to use the accelerated amortization privilege for Federal income tax purposes, and (2) by allocating to American Louisiana any decrease or increase in such tax due to such accelerated amortization of emergency facilities.

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