

# 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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**BASIC METALS 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 proposed public offering of securities by Basic Metals, Inc., of Colorado Springs, Colo. 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 for the public offering of securities in an amount not exceeding \$300,000. In a notification filed April 19, 1966, Basic Metals proposed the public offering of 3,000,000 common shares at 10¢ per share. Lowry Investments, Inc., of Colorado Springs, is listed as the underwriter. The suspension order asserts that there was a failure to comply with various terms and conditions of Regulation A; also, that the company's offering circular is false and misleading in respect of certain material facts, including the failure to name Wendel E. Lowry, president of Lowry Investments, Inc., as a promoter of the issuer and to disclose certain transactions between him and his firm and the issuer. The order also questions the accuracy and adequacy of information concerning the company's properties contained in its offering circular.

**"LOOKIN' FOR THE MAN COMPANY" OFFERING SUSPENDED.** The SEC has issued an order suspending a Regulation A exemption from Securities Act registration with respect to a proposed public offering of limited partnership interests by Sidney Eden, as "Lookin' for the Man Company," of the Beverly Hotel, New York. In an October 1964 notification, Eden proposed the offering of \$250,000 of such interests. The filing was twice amended in 1965; and in August 1965 a report was filed stating that the offering had not yet commenced. However, the 1965 amendments disclosed a \$15,000 loan to Eden for production costs and a \$7500 advance as "front money." The Commission's order asserted that certain terms and conditions of Regulation A were not complied with and that Eden's offering circular is false and misleading in respect of certain material facts; also, that Eden's whereabouts are unknown and he has failed to comply with requests to amend his offering circular. The suspension order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

**GENERAL NUMISMATICS PROPOSES OFFERING.** General Numismatics Corporation, Penn St. and Industrial Dr., Yeadon, Pa. 19051, filed a registration statement (File 2-25206) with the SEC on June 29 seeking registration of 30,000 shares of common stock. The stock is to be offered for public sale on a "best efforts" basis through Norton & Co., 15 William St., New York. The public offering price (\$15 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to sell to the underwriter (at 1 cent per warrant) a maximum of 11,500 warrants to purchase a like number of common shares, on a pro rata basis of one warrant for each three shares sold pursuant to this offering.

Organized under Pennsylvania law in July 1964, the company is primarily engaged in the manufacture of coins, tokens and coin-medals. Of the net proceeds of its stock sale, approximately \$95,000 will be used to repay certain indebtedness incurred for working capital and equipment; \$130,000 will be expended for additional equipment; and the balance will be used to acquire further inventories of raw materials and for working capital. In addition to indebtedness, the company has outstanding 227,591 common shares, of which management officials own 50.1% (including 38.8% owned by Joseph M. Segel, president). The prospectus states that management officials and other insiders will own approximately 62.1% of the outstanding stock upon completion of the proposed sale, for which they paid \$30,000 in cash and transferred \$33,750 in physical assets, together with the assignment of certain applications for patents. Gilroy Roberts is board chairman.

**ORMONT DRUG & CHEMICAL SHARES IN REGISTRATION.** Ormont Drug & Chemical Co., Inc., S. Dean St., Englewood, N. J. 07631, filed a registration statement (File 2-25209) with the SEC on June 29 seeking registration of 90,463 outstanding shares of common stock. The present holders thereof may offer the stock for public sale from time to time in the over-the-counter market at prices prevailing at the time of sale (\$12 per share maximum\*). The registration statement also relates to warrants to purchase 12,500 shares of common stock (and the underlying stock), which warrants are presently held by Marian T. Albright. Also included in the registration statement are 52,631 shares of common stock reserved for conversion of \$500,000 principal amount of the company's 5% subordinate convertible notes (due 1975), and 79,750 common shares which are to be issued pursuant to stock options. The holders of the notes may convert them into shares of common stock, or the holders of the options and warrants may exercise same, and shares of common stock so obtained may be sold from time to time in the over-the-counter market.

The company is engaged in the manufacture and distribution of pharmaceutical and veterinary drugs, as well as medical and dental instrumentation. In addition to indebtedness, it has outstanding 550,411 common shares, of which management officials own 19.5%. Of the outstanding shares being registered, 49,000 shares were issued to 14 selling stockholders in July 1965 upon exercise of certain options granted in connection with a private placement in 1962 and 1963 of \$157,500 of notes. The prospectus lists 23 holders of the notes which may be converted into 52,631 shares. George Goldenberg is president.

OVER

**DIAMOND INTERNATIONAL FILES FOR SECONDARY.** Diamond International Corporation, 733 Third Ave., New York 10017, filed a registration statement (File 2-25233) with the SEC on June 30 seeking registration of 50,000 outstanding shares of common stock. The present holders thereof may offer the stock for public sale on the New York Stock Exchange at prices prevailing at the time of sale (or they may donate the stock to charitable institutions which may sell the shares in like manner).

The company is a holding company whose subsidiaries are engaged in the manufacture and sale of lumber and other wooden products, machinery, metal containers and other products. In addition to indebtedness, it has outstanding 9,455,749 common shares, of which management officials own approximately 7.3%. The selling stockholders are William H. Walters (board chairman), who may sell 40,000 to 206,850 shares held, and Richard J. Walters (president), 10,000 of 33,230.

**CIRCLE K CORP. PROPOSES OFFERING.** The Circle K Corporation, 900 Magoffin Ave., El Paso, Tex. 79901, filed a registration statement (File 2-25242) with the SEC on July 5 seeking registration of \$2,500,000 of 5-3/4% convertible subordinated debentures (due 1981). The debentures are to be offered for public sale through underwriters headed by Eppler, Guerin & Turner, Inc., First National Bank Bldg., Dallas, Tex. 75202. The public offering price and underwriting terms are to be supplied by amendment.

The company operates a chain of retail drive-in grocery stores, principally in Arizona and Texas. Net proceeds of its debenture sale will be added to working capital to finance the initial inventory requirements and opening costs of additional stores. According to the prospectus, the company has recently expanded its operations in Southern California and plans to open approximately 43 new stores in that area, as well as approximately 7 new stores in Texas, 6 in New Mexico and 32 in Arizona, within the next 18 months. It estimates that the initial inventory requirements and other costs of opening each additional store will be \$20,000. In addition to indebtedness, the company has outstanding 399,442 common and 196,749 Class B common shares, of which management officials own 2.9% and 97.6%, respectively. Fred Hervey (president) holds 46.6% of the outstanding common stock as trustee for various family trusts, and he owns 66.6% of the outstanding Class B stock.

**DEFINANCE INDUSTRIES FILES EXCHANGE PROPOSAL.** Definance Industries, Inc., 733 Perry St., Defiance, Ohio 43512, filed a registration statement (File 2-25247) with the SEC on July 5 seeking registration of 300,000 shares of 5 1/2% cumulative convertible preferred stock (\$45 par). Of this stock, 100,000 shares are to be offered in exchange for common stock of Sivyver Steel Casting Co., in the ratio of one preferred share for each share of Sivyver common.

Definance is engaged in industrial and financial enterprises, including the manufacture of high precision screw machine parts, the production of metal trim parts for the appliance, automotive and architectural fields, and the sale of church furniture and accessories. Sivyver manufactures steel castings for pressure equipment, trucks, tractors, refinery fittings, sand shell mouldings and shear blades. In addition to indebtedness, Definance has outstanding 7,380 Class A and 875,611 Class B common shares. Management officials own 39.45% of the outstanding Class B stock. Victor Muscat, president of Defiance, owns 196,292 Class B shares, and United American Metals Corp., which is wholly owned by Muscat, owns 43,696 Class B shares. R. L. Huffines, Jr., is board chairman.

**TWO TRADING BANS CONTINUED.** The SEC has issued orders under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Great American Industries, Inc., for the ten-day period July 8-17, 1966, inclusive, and over-the-counter trading in bonds of Pinal County Development Association for the same period.

**OHIO EDISON RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15520) authorizing Ohio Edison Co., Akron, Ohio, to issue from time to time prior to 1971 a total of \$29,362,200 of its first mortgage bonds under its Indenture of Mortgage and Deed of Trust to Bankers Trust Co., as trustee, and to surrender such bonds to the trustee in accordance with the sinking fund provisions of the bond indenture. The bonds are to be issued on the basis of property additions.

**SECURITIES ACT REGISTRATIONS.** Effective July 6: Burn, Stewart & Co., Ltd., 2-23822 (90 days); Cole Drug Company, Inc., 2-24737 (Oct 4); Tubos De Acero De Mexico, S. A., 2-25009 (40 days); United Mexican States, 2-25147 (Aug 16); Wallace & Tiernan Inc., 2-25105; The Chesapeake and Potomac Telephone Co., 2-25154.

Effective July 7: Canada Southern Petroleum Ltd., 2-24555 (40 days); Carl W. Birky, et al., organizers for Overseas Investment Ltd. (to be formed), 2-23884 (90 days).

**NOTE TO DEALERS.** The period of time dealers are required to use the prospectus in trading transactions is shown above in parentheses after the name of the issuer.

\*As estimated for purposes of computing the registration fee.