

# 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 June 8, 1959

## Statistical Release No. 1608

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended June 5, 1959, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1959, is as follows:

	<u>1939 = 100</u>		Percent <u>Change</u>	<u>1959</u>	
	<u>6/5/59</u>	<u>5/29/59</u>		<u>High</u>	<u>Low</u>
Composite	419.8	428.3	-2.0	428.4	400.1
Manufacturing	520.9	531.7	-2.0	531.7	490.7
Durable Goods	491.9	500.4	-1.7	500.9	457.8
Non-Durable Goods	537.5	550.2	-2.3	550.2	510.5
Transportation	353.0	358.4	-1.5	366.0	340.7
Utility	216.4	221.6	-2.4	231.8	208.6
Trade, Finance & Service	413.4	414.3	-0.2	414.3	382.7
Mining	330.6	333.9	-1.0	360.4	327.6

### HAMILTON OIL STOP ORDER HEARING REOPENED

The SEC has issued an order granting a motion of Staff counsel to reopen the record in the proceedings under the Securities Act of 1933 to determine whether a registration statement filed by Hamilton Oil & Gas Corporation, Denver, Colo., contains false and misleading statements of material fact and, if so, whether a stop order should be issued suspending its effectiveness. The hearing is to be convened on June 23, 1959, in the Commission's Washington Office.

At the same time, the Commission ordered that a hearing be held (consolidated with the foregoing) for the purpose of determining whether to suspend the exemption from registration with respect to a prior public offering of securities of Hamilton Oil pursuant to the exemption from registration provided by Regulation A (for small offerings).

Previously, the parties had entered into a stipulation of facts in the stop order proceedings which was filed in the record in lieu of the conduct of an evidentiary hearing and upon the basis of which Hamilton Oil consented to the issuance of a stop order. Thereafter, Staff counsel moved to reopen the record for the purpose of receiving additional evidence, the motion being based upon allegedly newly discovered evidence not covered by the stipulation which related both to the question of proper disclosures in the registration statement and to the availability of the Regulation A exemption for the prior public offering of securities.

At the June 23rd hearing, inquiry will be conducted with respect to the method and manner of distribution of shares by management officials in connection with the prior, Regulation A offering, including more than 100,000 shares purportedly issued in the names of certain persons, repurchased by Hamilton Oil, and resold to the public by Frank Leahy, a director, and other persons closely associated with the company, and concerning the use of the proceeds from the resale of the stock; the identity of the underwriters of the prospective stock offering and the relationships, if any, between them and Hamilton Oil; and outstanding options to purchase stock, including the identity

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of holders of the options offered and sold in the offering under Regulation A.

#### SEC ORDER CITES KASTNER - HANOVER SECURITIES

The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Hanover Securities Corporation (formerly Webster Securities Corporation) and Irving Kastner, Broker, both of 37 Wall Street, New York, defrauded investors in the sale of stock of Goldfield Rand Mines Company of Nevada and, if so, whether their broker-dealer registrations should be revoked.

According to the Commission's order, Hanover has been registered since September 12, 1958 and Kastner, a sole proprietorship, since November 1957. Kastner is president, treasurer and principal stockholder of Hanover. Both Hanover and Kastner were enjoined by Federal court order of February 18, 1959, from engaging in certain conduct and practices in connection with the purchase and sale of securities.

The Commission asserts in its order that information developed in an investigation conducted by its Staff tends to show, if true, that Hanover and Kastner "engaged in acts, practices and a course of business which operated as a fraud and deceit upon certain persons," in that they offered and sold Goldfield stock to such persons through false and misleading representations concerning, among other things, the future price of and dividends to be paid on Goldfield stock, additional shares of Goldfield stock being offered and the right of Goldfield stockholders to purchase said shares first at a price below the market, the length of time Hanover has been in business, the length of time its salesmen had been employed, and Hanover's recommendation concerning American Motors stock. It is also asserted that Hanover failed to file a report of its financial condition as of a date within five months after September 12, 1958.

A hearing will be held at a time and place later to be announced, for the purpose of taking evidence on the foregoing matters.

#### FIVE STOCK OFFERINGS SUSPENDED

The SEC has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

Coltex Uranium Company, Incorporated, Canon City, Colorado

Offering of 300,000 common shares pursuant to notification filed November 9, 1955

Desert Treasure Uranium Company, Midvale, Utah

Offering of 30,000,000 common shares pursuant to notification filed June 30, 1955

Easy Lift Incorporated, Salt Lake City, Utah

Offering of 6,293,750 common shares pursuant to notification filed July 2, 1956

Plateau Uranium Corporation, Farmington, New Mexico

Offering of 1,490,000 common shares pursuant to notification filed September 12, 1955

Silvaire Uranium and Aircraft Co., Fort Collins, Colorado

Offering of 3,000,000 common shares pursuant to notification filed June 17, 1955

Regulation A provides a conditional exemption from Securities Act registration for securities offered for public sale in amounts not exceeding \$300,000. In the orders suspending the exemptions with respect to the offerings by the foregoing companies, the Commission asserts that their respective offering circulars are false and misleading in respect of certain material facts and that, by reason thereof, their stock offerings would operate as a fraud or deceit upon purchasers of the securities. Failure of the last three named companies to file reports of stock sales also is alleged.

Each of the orders provides an opportunity for hearing, upon request, on the question whether the respective suspensions should be vacated or made permanent.

## HUNTER MOUNTAIN DEVELOPMENT FILES FINANCING PROPOSAL

Hunter Mountain Development Corp., Hunter, N. Y., filed a registration statement (File 2-15203) with the SEC on June 5, 1959, seeking registration of \$690,000 of 6% Ten Year Subordinated Debentures due July 1, 1969, and 69,000 shares of 10¢ par Common stock. It is proposed to offer these securities in units, each consisting of a \$50 debenture with 5 shares of common stock on its back. The offering price per unit is to be \$50, with a \$7.50 per unit commission to the underwriter, Myron A. Lomasney & Co. The company also will sell to the underwriter for \$337.50, warrants for the purchase of 3,375 common shares at \$1.50 per share within the next five years. Warrants for an additional 6,750 shares are issuable to company counsel for services.

The company was organized under New York law in May 1959 for the purpose of engaging in the business of developing and operating a modern winter ski resort and producing summer theatricals, music festivals and other entertainment in the company's recreation area in the Catskill Mountains. Messrs. Orla Larsen, James Hammerstein (president and secretary-treasurer, respectively) and Philip Gerard, promoters, acquired 15,000, 11,250 and 11,250 shares, respectively, at the 10¢ par value per share; and each has been granted options to purchase 4,500 shares in increments over the next ten years at \$1.50 per share. To provide additional funds for organizational expenses, land acquisition, etc., the company sold to three investors \$10,000 of debentures with 1,500 common shares attached.

Net proceeds of the financing, estimated at \$546,500, will be used with other funds to carry out Phase I of the Hunter Mountain Development, including \$149,500 for the purchase and installation of three Poma, Telecar Lifts (an additional \$100,000 to be paid the manufacturers in quarterly installments over the next two years); \$93,000 for a lodge (including architect's fee); and 75,000 for snow-making machinery.

## REHEIS CO. FILES FOR SECONDARY

Reheis Company, Inc., 235 Snyder Ave., Berkeley Heights, N. J., filed a registration statement (File 2-15205) with the SEC on June 5, 1959, seeking registration of 87,000 outstanding shares of Class A stock, to be offered for public sale by the present holders thereof through Aetna Securities Corporation. The offering price is to be \$5 per share, with a \$.625 underwriting commission.

The company manufactures and sells fine chemicals in bulk primarily to ethical pharmaceutical manufacturers, and cosmetic manufacturers. Recently it acquired Tec Chemical Corporation and its two subsidiaries, which companies produce and sell a group of chemical compounds, manufactured from animal by-products. It has outstanding 115,549 shares of Class A and 129,000 shares of Class B stock (in addition to \$370,000 of long-term debt), of which Daniel H. Reheis, president or members of his family, owns all of the Class B stock and 96,000 shares of the Class A stock. He proposes to sell all of the 87,000 Class A shares which he holds (leaving 9,000 Class A shares owned beneficially by or in trust for members of the Reheis family).

## PLASTIC WIRE &amp; CABLE FILES FOR RIGHTS OFFERING

The Plastic Wire & Cable Corporation, Jewett City, Conn., filed a registration statement (File 2-15206) with the SEC on June 5, 1959, seeking registration of 40,000 shares of \$5 par Common Stock. The company proposes to offer this stock for subscription by holders of outstanding stock at the rate of one new share for each five shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. Putnam & Co. is the principal underwriter. Net proceeds of the stock sale, together with other funds, will be used to repay \$300,000 of outstanding bank loans, to finance the company's construction program for its 1958-59 fiscal year and part of its construction program for the 1959-60 fiscal year and for other corporate purposes, including about \$200,000 to finance the increase in inventories expected to result from a proposed new distributing warehouse expected to be in operation by late summer in leased quarters in the midwest. The construction program for the 1958-59 fiscal year is estimated at \$350,000, of which about \$289,000 was expended in the six month period ended April 4, 1959. The company is presently planning a \$700,000 additional construction program, to be started in the 1958-59 fiscal year but with the greater portion of the expenditure scheduled for 1959-60, including a new plant wing estimated at \$300,000 and the installation of new machinery and equipment estimated at \$400,000.

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## QUEENSTOWN GARDENS PROPOSES OFFERING

Queenstown Gardens, Sec. One, Inc. (and five additional companies, Section Two through Section Six), filed a registration statement (File 2-15207) with the SEC on June 5, 1959, seeking registration of 140 units, consisting of 700 shares of Class B non-voting common stock. The units are to be offered for sale at \$5,000 each.

The six companies were organized to acquire a 1061 apartment development known as Queenstown Apartments in Prince Georges County, Md., adjacent to Washington, D. C. Each has the same capitalization, officers and directors, and the purchaser of a unit will acquire a proportionate interest in each of the companies. The development is divided into six separate sections, and ownership of each of the sections will ultimately be taken in the name of one of the companies. The properties will be operated as a single enterprise.

The six companies were formed by Howard P. Hoffman and Malcolm Roberts, president and secretary-treasurer, respectively. They have subscribed for 160 Class A shares of each company, the voting stock, at \$1 per share. The Class A and Class B stock share ratably on a share for share basis, in any dividends and upon liquidation. The organizers also have indicated their intention to purchase, at \$5000 per unit, all the units of Class B stock which are not sold to the public.

Purchase of the apartment development is covered by a contract between the sellers, who have no affiliation with the management, and Vanguard Realty Corporation, all of the stock of which is owned by the managers. The contract, which has been assigned by Vanguard to the Queenstown companies, provides for the purchase, at an aggregate price of \$600,000, of all of the outstanding capital stock of six Maryland corporations. Each of these latter companies owns one of the sections which make up Queenstown Apartments, subject to a deed of trust (mortgage) insured by FHA and aggregating \$7,246,413. After the Queenstown companies have acquired the stock of the Maryland companies, the latter will be liquidated so that each Queenstown company will be the owner of the fee of one of the six sections.

Of the sum to be raised from the sale of the units of Class B stock, \$600,000 will be used to acquire the stock of the Maryland companies. The remaining \$100,000 will be paid to the managers for financial and advisory services rendered and expenses incurred. The apartment development will be operated by the Queenstown companies who have entered into an agreement with Vanguard Realty for the management and supervision of the properties. Vanguard will receive a supervisory and management fee of about \$33,900, or about 3% of the gross rental income of the property.

## CENTRAL TELEPHONE PROPOSES PREFERRED STOCK OFFERING

Central Telephone Company, 144 South 12th St., Lincoln, Nebr., filed a registration statement (File 2-15208) with the SEC on June 5, 1959, seeking registration of 80,000 shares of Cumulative Preferred Stock, \$25 stated value, to be offered for public sale at \$25 per share through an underwriting group headed by Paine, Webber, Jackson & Curtis and Loewi & Co. The dividend rate is to be supplied by amendment, as are the underwriting terms.

Net proceeds of the sale of the preferred stock, together with the \$315,000 proceeds of the recent sale of 35,000 common shares to Central Electric & Gas Company, parent, and the proceeds of the sale in June of \$1,000,000 of 5% bonds to institutional investors and the proposed sale of an additional \$1,000,000 of such bonds on or before October 31, 1959, are to be used to repay \$850,000 of temporary advances from Central used for construction purposes; for construction expenditures; for investment in stocks of subsidiaries; and for other corporate purposes, including the redemption of all unconverted shares of 5.40% cumulative preferred stocks, convertible series, and 5.44% cumulative convertible preferred stock and the making of temporary advances to subsidiaries for construction purposes. The construction expenditures of the company and of the company and its subsidiaries consolidated for 1959 are estimated at \$4,250,000 and \$9,600,000, respectively.

## HOLMES CO. PROPOSES RIGHTS OFFERING

D. H. Holmes Company, Limited, New Orleans, filed a registration statement (File 2-15209) with the SEC on June 5, 1959, seeking registration of 14,780 shares of capital stock. It is proposed that these shares will be first offered to the present stockholders of 212,920 shares for subscription

at \$1.50 per share on the basis of one new share for each fourteen shares held of record June 25, 1959. A minimum commission of 75¢ per share is payable to the underwriters, headed by Arnold & Crane and three other firms.

The company sells various lines of "moderate to better" priced merchandise through three Louisiana department stores in downtown New Orleans, downtown Baton Rouge, and suburban Baton Rouge. Net proceeds of the financing (including \$2,000,000 under a bank loan agreement) will be used as follows: \$1,200,000 to fixture and equip a new store facility under construction at the Lakeside shopping center being built in Jefferson Parish; \$600,000 for additional construction and equipment to expand warehouse facilities in New Orleans; \$300,000 to fixture and equip a restaurant-cafeteria facility adjacent to the Lakeside store; and the balance for working capital and other corporate purposes.

#### MALLINCKRODT CHEMICAL PROPOSES DEBENTURE OFFERING

Mallinckrodt Chemical Works, 3600 North Second St., St. Louis, today filed a registration statement (File 2-15210) with the SEC seeking registration of \$6,000,000 of Convertible Subordinated Debentures due July 1, 1974, to be offered for public sale through an underwriting group headed by Newhard, Cook & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is a manufacturer of fine chemicals and is also engaged in processing of uranium-containing materials into uranium metal and uranium compounds. Of the net proceeds of the sale of the debentures, \$582,200 will be used to retire outstanding 6% Cumulative Preferred Stock, Series B. The balance of the funds will be available for general corporate purposes including plant additions, plant replacements, general working capital, and acquisitions in related areas or investments in joint enterprises to strengthen the company's product lines.

#### KILROY 1960 CO. FILES FOR OFFERING

W. S. Kilroy 1960 Company, a limited partnership, of 2306 Bank of the Southwest Building, Houston, Texas, today filed a registration statement (File 2-15211) with the SEC seeking registration of \$3,500,000 of Participating Interests under Participant Agreements in the W. S. Kilroy 1960 Company Oil and Gas Exploration Program. Participating interest will be offered in amounts of \$25,000 or more; and the offering will be made on a best efforts basis by W. S. Kilroy, E. A. Kilroy, Jr., G. A. Mueller and J. Allan Weber, Jr. No underwriting discounts are payable. Commitments of participants will be used for the acquisition and exploration of undeveloped oil and gas properties. The participants will bear all of the exploratory well costs. As agent for the participants, Kilroy will acquire during 1960 interests in undeveloped oil or gas properties within the United States, its territories, or Canada; and it is anticipated that the areas of primary interest will be the Gulf Coast of Texas and Louisiana, the Rocky Mountain Area and western Canada.

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