

NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



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FOR RELEASE February 16, 1961

SORRELS-JOHNSON 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 Sorrels-Johnson Corporation, of Woodland Park, Colo.

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 in April 1959, Sorrels-Johnson proposed the public offering of 188,000 common shares at \$1 per share. The Commission's suspension order asserts that the company failed to comply with Regulation A by reason of its use of sales material which was not filed with the Commission; that its notification and offering circular were false and misleading, in that they failed to disclose (a) the acquisition of a license to manufacture and market a hypodermic needle and information with respect to the license and its acquisition and (b) the establishment of a plant in Beverly, Mass.; and that the stock offering was made in violation of Section 17(a) of the Act, in that the unfiled sales material represented that the stock was worth \$4 per share, that the company would very shortly register 100,000 shares to be sold at \$4 per share, and that the company could list its stock on an exchange by the end of 1960 and that such listing was in prospect.

The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent. (NOTE TO PRESS. Copies of foregoing also available in SEC Denver Office)

MacARTHUR INTERNATIONAL MINERALS STOCK OFFERING QUESTIONED. The SEC today issued a warning to United States investors against the purchase of stock of MacARTHUR INTERNATIONAL MINERALS CO., INC. being offered from the Philippine Islands and Guam by that company and by MORTON F. MEADS and T. RONEY WILLIAMSON.

No filings have been made with the Commission for the MacArthur International Minerals stock involved in this promotion and no exemption from the registration requirement of the Securities Act of 1933 appears to be available. The requirement for registration of securities offered for public sale in the United States applies to foreign as well as domestic companies. Registration is designed to provide disclosure of financial and other information with respect to the issuing company and its securities so as to enable investors to make an informed and realistic evaluation of the worth of securities offered for public sale. Failure to comply with the registration requirements in the offering and sale of securities may deprive investors of much or all of such information, and it facilitates false claims concerning such securities. Thus, investors are denied essential protections which the Securities Act was designed to provide.

TASSETTE FILES FOR OFFERING. Tassette, Inc., 170 Atlantic Street, Stamford, Conn., filed a registration statement (File 2-17595) with the SEC on February 15, 1961, seeking registration of 200,000 shares of Class A stock, to be offered for public sale through underwriters headed by Amos Treat & Co., Inc., on a best efforts all or none basis. The underwriters will receive a 10% commission and \$6,000 for expenses. The public offering price is to be supplied by amendment. The principal underwriter will receive warrants for the purchase of an additional 20,000 shares at the public offering price. The registration statement includes an additional 35,000 Class A shares issued to certain persons, including Amos S. Treat, in connection with a previous underwriting, and 19,000 Class A and 21,000 Class B shares reserved against options granted to certain persons in connection with services rendered.

The company was organized under Delaware law in 1959 to finance the exploitation and sale of "Tassette", a patented feminine hygiene aid. The company is presently in the development stage in the sense that most of its efforts and those of its predecessors have been confined to medical and market research relative to the product and its consumer acceptability. The company has engaged in an "intensive marketing program" in several local areas and, according to the prospectus, has concluded that it is prepared to launch a national program for the sale of its product. The net proceeds from the stock sale will be used to provide funds for this project, including advertising, market development programs, medical research and administrative overhead.

In addition to certain indebtedness, the company has outstanding 125,000 Class A and 200,000 Class B shares, of which Robert P. Oreck, president, owns 15,000 Class A and 36,500 Class B shares; and Daniel Karsch, Abe R. Oreck and David I. Oreck, directors, own 15,000 Class B and 27,500 Class A shares each. Management officials as a group own 94% and 40.9%, respectively, of the Class B and Class A shares. The Class B shares are convertible, share for share, into Class A shares.

ALBERTO-CULVER FILES FOR OFFERING AND SECONDARY. Alberto-Culver Company, 2525 Armitage Avenue, Melrose Park, Ill., filed a registration statement (File 2-17597) with the SEC on February 15, 1961, seeking registration of 155,000 shares of common stock, of which 25,000 shares are to be offered for public sale by the company and 130,000 shares, being outstanding stock, by the present holders thereof. Shields & Company heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment. The registration statement includes an additional 25,000 shares which the company sold to the principal underwriter at \$6.70 per share.

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The company was organized in January 1961 under Delaware law to succeed to the business then being conducted by three joint ventures operating under the trade names Alberto-Culver Company, Leonard H. Lavin & Co. and American Cosmetics Corporation. The company and its subsidiaries are engaged in the business of manufacturing and selling throughout the United States cosmetic and toiletry preparations, particularly in the hair care field, including "Alberto VO-5" products. The net proceeds from the company's sale of additional stock will be added to working capital.

In addition to certain indebtedness, the company has outstanding 975,000 shares of common stock, of which Leonard H. Lavin, president, owns 427,500 shares and proposes to sell 43,500 shares. The prospectus lists nine other stockholders (including three officials) who propose to sell blocks ranging from 526 shares to 18,922 shares.

LUCKHURST & CO. REGISTRATION REVOKED. The SEC today announced a decision (Release 34-6476) revoking the broker-dealer registration of Luckhurst & Company, Inc., 40 Exchange Place, New York, for violation of the net capital and record-keeping requirements under the Securities Exchange Act of 1934. The order also expelled Luckhurst & Company from membership in the National Association of Securities Dealers; and Leonard Rosin and Douglas Luckhurst, officers, directors and principal stockholders, and Morris Dressler, a director and part-time bookkeeper, were each found to be a cause of the revocation and expulsion.

In a unanimous decision written by Chairman Gadsby, the Commission ruled that Luckhurst & Company engaged in the conduct of a securities business with a net capital deficiency during the period July 1959 to January 1960, in violation of the Commission's net capital rule. During the period, the deficiency ranged from \$533 to \$11,260.

Moreover, according to the decision, Rosin and Dressler admit that they prepared and submitted to the Commission a false and misleading monthly trial balance dated October 31, 1959, in an attempt to demonstrate that Luckhurst & Company was in compliance with the net capital rule. A total of \$8,653, representing \$4,500 of loans to the company and \$4,153 due to a customer, was credited in this trial balance to the company's trading account rather than being reflected in loans payable and accounts payable, respectively. The books and records from which the trial balance was taken were similarly false and misleading.

STANLEY BROWN REGISTRATION REVOKED. The SEC today announced a decision (Release 34-6474) revoking the broker-dealer registration of Stanley Brown, 69-56 197th St., Flushing, New York, for fraud in the offer and sale of securities and violations of the Securities Act registration requirement.

In a unanimous decision written by Commissioner Hastings, the Commission ruled that, during the period July 15 to November 5, 1958, Brown offered and sold stock of General Oil & Industries Co., Inc., by means of false and misleading statements concerning, among other things, the future price of the stock, earnings of the company, its management, the merger of the company with a prominent oil company, the listing of the stock on an exchange, the ownership by General of oil and gas wells with a current substantial production, and the production of oil and gas from properties owned by the company. The stock was not registered with the Commission and no exemption was claimed, so its offer and sale also violated the registration requirement. Brown waived a hearing, entered into a stipulation of the facts, admitted the violations, and consented to revocation of his registration.

BOWLING CORP. OF AMERICA FILES FOR SECONDARY. Bowling Corporation of America, 120 Broadway, New York, filed a registration statement (File 2-17596) with the SEC on February 15, 1961, seeking registration of 82,600 outstanding shares of common stock, to be offered for public sale from time to time by the present holders thereof in the over-the-counter market at prevailing prices at such time.

The company is engaged in the business of owning and operating ten-pin bowling centers. Of the outstanding shares to be offered for public sale, 81,500 were acquired by the holders thereof in connection with the company's acquisition in September 1960 of all the outstanding stock of Garden Party House, Inc., and Dewey Garden Lanes, Inc., the corporate owners of Terrace Garden Lanes and Dewey Garden Lanes, respectively. The remaining 1100 shares are held by partners of the firm of Charles Plohn & Co.

In addition to certain indebtedness, the company has outstanding 1,239,489 shares of common stock, of which management officials as a group own 12.9%. Ruben A. Dankoif is listed as president. The prospectus lists 41 selling stockholders (including the two partners of Plohn) who propose to sell blocks ranging from 177 shares to 9,111 shares.

DEKRAFT CORP. FILES FOR OFFERING. The Dekraft Corporation, 15 Burke Lane, Syosset, New York, filed a registration statement (File 2-17598) with the SEC on February 15, 1961, seeking registration of 92,000 shares of common stock, to be offered for public sale on an all or none basis through Carter, Berlind, Potoma & Weill. The public offering price and underwriting terms are to be supplied by amendment. The company recently sold 10,000 shares to the underwriter for \$100 and 5,000 shares to Charles Snow, a finder, for \$50.

The company (formerly Supreme Ribbon Corporation) manufactures, converts and/or packages decorative papers, foils, tissues, ribbons, tags, seals, cards and twines for use as gift wrappings. Its products are sold primarily to wholesalers, supermarkets, departments stores and large retail store chains. The company has an option to purchase all the outstanding stock of Reed Tissues Corporation, of New York, for an estimated \$320,000. The net proceeds from the stock sale will be used to retire bank borrowings to be undertaken to enable the company to purchase the stock of Reed Tissues, and the balance will be used to supplement working capital and for other general corporate purposes.

The company has outstanding 85,000 shares of common stock, of which Edward E. Stelzer, president, owns 9,460 shares; Ruth Stelzer, his wife, 14,977 shares; Irving J. Miness, secretary, 14,977 shares; Bernice B. Miness, his wife, 9,565 shares; and Irene Miness, 15,766 shares. Members and relatives of the Miness and Stelzer families (who are related to each other), own an aggregate of 82.3% of the presently outstanding stock, and upon completion of this offering will own 39.6%.

EFFECTIVE SECURITIES ACT REGISTRATIONS. February 15: American Telephone and Telegraph Company (File 2-17522). February 16: Town Photolab, Inc. (File 2-17352).