

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 21, 1959

ORECLONE CONCENTRATING FILES FOR STOCK OFFERING

Oreclone Concentrating Corporation, Virginia, Minn., filed a registration statement (File 2-15131) with the SEC on May 20, 1959, seeking registration of 242,000 shares of common stock and warrants for an additional 32,000 shares. The company proposes to make a public offering of 200,000 shares at \$3 per share. The offering is to be made on a "best efforts" basis by Investment Bankers of America, Inc., of Washington, D. C., for which it will receive a selling commission of 60¢ per share; and the underwriter also will receive warrants to purchase one share of stock for each 10 shares sold by it, the warrants to be exercisable at any time until May 1, 1962, at \$3 per share. The company also has agreed to issue 3 shares to the underwriter for every 10 shares sold, or a total of 60,000 shares if all 200,000 shares are sold. The company also has agreed to pay a finder's fee in connection with the underwriting to Martin Lowenkopf and Jesse Krieger of 2% of the number of shares sold to the public, at the rate of 2 shares for every 100 shares sold, or a maximum of 4,000 shares.

Oreclone was organized on February 28, 1957, by Norman Rodman, president, Martin Rodman and Sydney Newman "in order to go forward in their joint venture attempt to develop a process for producing a high grade concentrate from low grade iron ore tailings." Certain licenses pertaining to a concentrating method known as Duclone had been acquired by Newman, which were assigned to Oreclone. In January 1959, construction was commenced on a full-scale concentrating plant located on the premises of the Prindle Mine on the Mesabi Range in Virginia, Minn.; and the company intends to use its plant to process tailings from its leased tailing basin and to market the iron ore thus recovered. In return for the assignment of the licenses which Newman acquired in the Duclone process from L. J. Harris and Duclone Mines and Concentrators Ltd., the company has agreed to pay to him or to his assignees an amount equal to 25¢ per ton for each ton of concentrate sold by the company and 10% of any royalties which might be received by the company from the grant of licenses or rights to use the process. Net proceeds of the company's sale of stock are to be used as follows: \$95,000 as the balance owing on the \$200,000 cost of the processing plant and equipment; \$19,000 in repayment of loans by Newman and \$37,000 in repayment of loans by the Rodmans; and the balance for working capital.

The company has outstanding (in addition to indebtedness) 209,000 common shares, of which 95% is held by the Rodmans. An additional 6,000 shares are being issued to Harris and Duclone Mines for the assignment of certain rights to the company, while an additional 12,000 shares are reserved against warrants issued to Harris and Duclone Mines.

SMITH OIL TOOL PROPOSES STOCK OFFERING

H. C. Smith Oil Tool Co., 14930 South San Pedro Blvd., Compton, Calif., filed a registration statement (File 2-15132) with the SEC on May 20, 1959, seeking registration of 100,000 shares of capital stock, to be offered for public sale through an underwriting group headed by William R. Staats & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the design, development, production and marketing of drilling bits used in oil-well drilling. It has outstanding 265,484 common shares. Proceeds of the sale of the additional stock are to be applied as follows: \$100,000 to research and development of new products; \$400,000 to increase inventories in finished bits; \$200,000 to increase inventories in raw material; and the balance to the acquisition of new production machinery and tools.

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For further details, call ST. 3-7600, ext. 5526

IDEAL PRECISION METER PROPOSES STOCK OFFERING

Ideal Precision Meter Co., Inc., 126 Greenpoint Ave., Brooklyn, N. Y. filed a registration statement (File 2-15133) with the SEC on May 19, 1959, seeking registration of 137,500 shares of common stock for public offering at \$3.75 per share. The offering is to be made on a best efforts basis by Charles Plohn & Co., which will receive a selling commission of \$.625 a share plus \$38,000 for expenses. The underwriter also has purchased 45,000 shares for a total price of \$45; and the company has agreed to transfer 5,000 shares to William Friedman for investment, as a finder's fee.

The company is engaged in the business of manufacturing and selling electrical indicating instruments for use in electrical and electronic equipment as well as automotive, marine and other equipment. Management officials and the underwriter own a total of 190,000 shares (of 200,000 outstanding) and have made a cash investment in the company of \$46,137.50. Net proceeds to the company from its sale of the new stock will approximate \$392,000, and will be allocated to planned expenditures and working capital, and to payment of certain indebtedness, including \$78,095 of factor's loan. The company contemplates the expenditure of about \$100,000 during the current fiscal year for the installation of production facilities, equipment and leasehold improvements in connection with its expansion program. The prospectus lists Harry Leiderman as president.

FLINTKOTE CO. FILES EMPLOYEE STOCK PLAN

The Flintkote Company, New York, filed a registration statement (File 2-15134) with the SEC on May 20, 1959, seeking registration of 227,368 shares of common stock. Of this stock, 173,286 shares are to be offered to certain officers and key employees of Flintkote and its subsidiaries under the "Flintkote Stock Option Plan;" 16,771 shares are subject to options granted by Flintkote in substitution for options granted by Orangeburg Manufacturing Co., Inc., to certain of its officers and key employees; and 37,311 shares are subject to options granted in substitution of options granted by Blue Diamond Corporation to certain of its officer and key employees. Flintkote acquired all the assets of Orangeburg in December 1958 in exchange for 132,416 shares of preferred stock; and on May 14, 1959, it issued 615,617 common shares upon the merger of Blue Diamond into Flintkote.

REYNOLDS METALS FILES STOCK OPTION PLAN

Reynolds Metals Company, 6601 Broad St. Road, Richmond, Va., filed a registration statement (File 2-15135) with the SEC on May 20, 1959, seeking registration of 255,000 shares of Common Stock, reserved for issuance pursuant to the company's Stock Option Plan for executives and key employees.

OZARK AIR LINES PROPOSES RIGHTS OFFERING

Ozark Air Lines, Inc., Lambert Field, St. Louis, Mo., filed a registration statement (File 2-15136) with the SEC on May 20, 1959, seeking registration of 132,944 shares of General Common Stock, \$1 par. The company proposes to offer the stock to holders of Class A and Class B Common Stock (not including Class B common held by Voting Trustees) and holders of Voting Trust Certificates for Class B Common Stock, on the basis of one share of General Common Stock for each nine shares of Class A common, Class B common (not including Class B shares held by Voting Trustees), or Voting Trust Certificates for Class B common. The subscription price to such stockholders is to be \$4.25 per share. Shares not purchased by stockholders will be sold to underwriters at \$4.25 per share, for resale to the general public at \$4.75 per share. The principal underwriters are Newhard Cook & Co. and Yates, Heitner & Woods.

The company engages in the schedule air transportation of persons, property and mail in interstate commerce. It now has outstanding 451,498 shares of Class A, 745,000 shares of Class B, and 149,562 shares of General Common (which do not carry pre-emptive rights). Net proceeds of the sale of the additional General Common are to be applied to the following purposes: Ground support equipment, \$85,530; Extension, development and introductory costs of new F-24 aircraft and equipment, \$166,000; and working capital, \$300,000. According to the prospectus, the company has contracted with Fairchild Engine and Airplane Corporation to purchase three Model F-27 Friendship propjet aircraft; and as part of this acquisition program it has agreed to purchase four Rolls-Royce RD. Dart Engines for use as spares from Capital Airlines, Inc., radio communications and navigation equipment from Lear, Inc., and plans to order additional propellers and other spare parts in the near future. The cost is \$2,354,440. It proposes to issue a 5½% long term note to a bank to finance part of these expenditures. Payments of \$258,445 have already been made toward the purchase prices of the aircraft and spare engines.

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ADRS FOR FAIREY CO. FILED

Chemical Corn Exchange Bank, New York, filed a registration statement (File 2-15137) with the SEC on May 20, 1959, seeking registration of 50,000 American Depositary Receipts for Ordinary Registered Shares of The Fairey Co., Limited, an English corporation.

FOOD MACHINERY & CHEMICAL STOCK OPTION PLAN FILED

Food Machinery and Chemical Corporation, 1105 Coleman Ave., San Jose, Calif., filed a registration statement (File 2-15138) with the SEC on May 20, 1959, seeking registration of 200,000 shares of its common stock, for issuance pursuant to its Selected Employees' Stock Option Plan.

MICROWAVE ASSOCIATES PROPOSES STOCK OFFERING

Microwave Associates, Inc., Burlington, Mass., today filed a registration statement (File 2-15139) with the SEC seeking registration of 100,000 shares of common stock, to be offered for public sale through an underwriting group headed by Lehman Brothers. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized in 1950 to develop and produce components for radar systems; and the bulk of its design and production efforts have been devoted to supplying to manufacturers of radar systems specialized components and accessories which are associated with the generation, reception, switching and measurement of microwave radio energy. It now has outstanding 877,416 shares of common stock. Net proceeds of the sale of the additional stock will be added to working funds of the company and used for general corporate purposes, including the financing of increased inventory and receivables, increased facilities at its Burlington plant, a possible new plant for its subsidiary, Wavaco Corp.; increased expenditures for new product research and development for its own account; and possible future growth through desirable acquisitions.

GENERAL STORES FILES FOR SECONDARY

General Stores Corporation, 101 W. 42nd St., New York, today filed a registration statement (File 2-15140) with the SEC seeking registration of 1,884,278 shares of its Common Stock. All of this stock is presently outstanding and, according to the prospectus, may be sold by the present holders thereof from time to time on the American Stock Exchange at the market price prevailing at the time of sale (the closing price on May 18th was \$4.25).

The company has outstanding 2,425,261 shares of common stock, issued in accordance with the terms of a plan of reorganization approved by court order on March 18, 1958, and later confirmed by court order on May 21, 1958. Of this stock, 752,181 shares were issued to holders of "old" common stock; 445,000 to Richard Goodman, board chairman, or his assigns in settlement of various unsecured claims aggregating \$876,020; 22,281 to unsecured creditors electing to take new shares in settlement of claims; 1,100,000 to Goodman or nominees for cash paid at the rate of \$1 per share; and 105,800 to Goodman for funds advanced to cover deficiency in funds needed to partially consummate the plan. An additional 344,200 shares are issuable to Goodman for possible maximum further deficiency in funds to completely consummate the plan at the rate of \$1 per share.

Of the stock being registered, 1,884,278 shares are being registered for possible sale by Goodman, his assignees and/or nominees. Other possible selling stockholders number eighty-three, including the following: Samuel Berke, 101,000 shares; Albert S. Fox, 135,000; Erwin Horwitz, 118,690 and Kenneth I. Russ, 156,000.

SCUDDER SPECIAL FUND SEEKS REGISTRATION OF ADDITIONAL SHARES

Scudder Special Fund, Inc., New York investment company, filed an amendment on May 19, 1959, to its registration statement (File 2-12498) seeking registration of an additional 200,000 shares of capital stock.

NORTHWESTERN FIRE AND MARINE INS. DIVIDEND EXEMPTED

The SEC has issued an order under the Investment Company Act (Release 40-2881) granting an exemption application filed by Northwestern Fire and Marine Insurance Company, an affiliate of Great Northern Investments, Inc., a registered investment company, with respect to the payment of a

dividend by Northwestern to Great Northern.

Great Northern is the owner of about 96% of the outstanding stock of Northwestern, which consists of 115,684 common shares. On April 13, 1959, Northwestern declared a dividend of \$50 per share on its common stock, of which Great Northern would be entitled to \$5,510,900 and the minority shareholders \$277,800. The present fair market value of all the securities owned by Northwestern (other than securities on deposit with the various Commissioners of Insurance which cannot presently be withdrawn) is less than the amount of the dividend which Great Northern is entitled to receive. Northwestern therefore proposes to assign all of such securities, other than securities on deposit, to Great Northern, and proposes to pay Great Northern in cash the difference between the fair market value of the securities delivered to Great Northern and the dividend which Great Northern is entitled to receive. The minority stockholders will receive their entire dividend in cash.

MIT ACQUISITION OF HANOVER CO. AUTHORIZED

The SEC has issued an order under the Investment Company Act (Release 40-2882) granting an exemption application of Massachusetts Investors Trust, Boston, investment company, with respect to its proposed issuance of MIT shares at net asset value for substantially all of the cash and securities of The Hanover Company.

Hanover is said to be a personal holding company owned by Hugo Dalsheimer of Baltimore, which owned investment securities including a substantial amount of International Paper Company stock. Substantially all of the cash and securities owned by Hanover, with a total value of \$10,548,047 as of March 31, 1959, will be transferred to MIT in exchange for shares of MIT stock; and before the closing date all securities owned by Hanover which MIT does not wish to acquire will be sold by Hanover. The number of shares of MIT to be delivered to Hanover will be determined by dividing the net asset value per share of MIT on the day preceding the closing date into the value of the Hanover assets to be exchanged. The MIT shares will be distributed to Dalsheimer.

COLUMBIA GAS FEE PAYMENTS APPROVED

The SEC has issued an order under the Holding Company Act (Release 35-14007) authorizing payments in the amount of \$133,734 by The Columbia Gas System, Inc., and \$111,550 by Columbia Gulf Transmission Company, for legal and other services and charges in connection with the acquisition by Columbia Gulf of the pipeline facilities of Gulf Interstate Gas Company approved by Commission order of December 23, 1958 (Release 35-13893).

FURTHER SUSPENSION OF TRADING IN JACOBS CO. STOCK ORDERED

The SEC has issued an order suspending trading in the common stock of F. L. Jacobs Co. on the New York and Detroit Stock Exchanges and in the over-the-counter market for a further ten-day period May 22-31, 1959, inclusive.

SOUTHERN ELECTRIC GENERATING BOND OFFERING CLEARED

The Securities and Exchange Commission today announced the issuance of a decision under the Holding Company Act authorizing Southern Electric Generating Company, of Birmingham, Ala., to issue and sell \$25,000,000 of bonds at competitive bidding and to enter into an intercompany power contract with its parent companies, Alabama Power Company and Georgia Power Company (subsidiaries of The Southern Company), the power contract to be pledged as security for the bonds.

The present proposal is part of a general program for financing the construction by SECCO of a steam-electric generating station of four turbo-generators with an initial capability of 1,000,000 kilowatts. The first unit is expected to be in operation in April 1960. It is estimated that the cost of the station will aggregate \$161,000,000, which will be financed by the issuance of \$105,000,000 of bonds to the public and through the sale of common stock to the parent companies, supplemented by funds from internal sources. SECCO was organized by the two parent companies, which sold in equal amounts \$22,500,000 of its common stock, for the purpose of making available to Alabama and Georgia the benefit of low cost electric energy from a major steam generating station capable of serving both companies. The site of the station, near Wilsonville on the Coosa River in Alabama, was selected for its accessibility to coal fields in Alabama, the availability of adequate cooling water and its location within economical electric transmission distance of the load centers of Alabama and Georgia.

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The Securities Act registration statement covering the proposed bond offering became effective May 19, 1959; and competitive bids for the purchase of the bonds are to be submitted May 28, 1959.

SECURITY FORECASTER REGISTRATION REVOKED

The Securities and Exchange Commission today announced the issuance of a decision (Release IA-103) revoking the registration as an investment adviser of Security Forecaster Co., Inc., 15 William Street, New York.

The Commission's decision was based upon a March 1958 Federal Court decree, entered on consent of the defendants, which enjoined Security Forecaster ("Registrant") and Melvin A. Johnson, its president and controlling stockholder, from making false and misleading statements concerning the stock of Anacon Lead Mines, Ltd., in violation of the Investment Company Act, and upon the inclusion in the list of directors set forth in its registration application of the name of a person who was not in fact a director.

In reviewing the facts concerning the "extravagant and unqualified recommendations" to purchase the Anacon stock contained in the February 21, 1958, issue of Financial Forecaster, a weekly investment letter published by Registrant, and with respect to statements therein concerning Anacon's profits, dividends and investment which the Commission found to be false and misleading, the Commission observed: "The use of these statements . . . constituted a substantial departure from the standards of care and responsibility and fair and impartial analysis expected of a registered investment adviser," and required revocation of registration in the public interest.

According to the decision, the article on Anacon stated among other things that Registrant had been "conducting an extensive research program" on Anacon; that such research showed "beyond the shadow of a doubt" that Anacon was "the sleeper of the year" among Canadian mining stocks; that Registrant was "100% certain" Anacon represented "the opportunity to make a 'killing' in jig time," and that there was nothing "on any stock exchange anywhere that can be compared with Anacon." It contained a projection of a \$50,000,000 potential to Anacon based upon the estimated recovery of gold in the area in which Anacon's properties are located and it stated that Anacon had paid more than \$1 million in dividends, and that Anacon's investments had a value of more than \$16,000,000.

No disclosure was made, the Commission stated, that there were no proven gold deposits on Anacon's holdings; that Anacon had paid no dividends since 1952; and that the \$16,000,000 value placed on investments, consisting primarily of stock in another mining company, was based on the value placed on certain claims received in exchange for such stock, the current market value of which was only \$2,212,000. (The Anacon issue of Financial Forecaster advised clients to buy Anacon stock through their own brokers. Immediately following the publication of the issue trading in Anacon shares on the American Stock Exchange increased very greatly, and on the second day of trading after such publication the Exchange suspended trading in Anacon shares. There is no evidence in the record that Registrant or Johnson owned or sold any Anacon shares.)

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