

SECURITIES AND EXCHANGE COMMISSION

NEWS DIGEST

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



Washington 25, D.C.

FOR RELEASE November 18, 1958

REVOCATION PROCEEDINGS INSTITUTED AGAINST JEFFERSON ASSOCIATES

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Jefferson Associates, Inc., 99 Wall St., New York City.

Jefferson Associates, Inc. ("Jefferson"), has been registered with the Commission as a broker-dealer since September 5, 1957. On October 17, 1958, it filed a notice of withdrawal of its registration, which has not become effective. The application for registration was filed on August 6, 1957, and on September 4, 1957, and July 29, August 5, August 29, and October 17, 1958, supplemental documents (amendments) were filed to said application. The application and amendments, according to the Commission's order, indicate under Item 6 thereof that no person who is not named in Items 2 through 5 thereof directly or indirectly controls the business of Jefferson. In the August 5, 1958 amendment, it was stated that Benjamin T. Anuskewicz is the only person who is directly or indirectly the beneficial owner of 10% or more of the outstanding Jefferson common stock.

Based upon information developed in an investigation conducted by its Staff, the Commission asserts in its order that since on or about July 7, 1958, Donald Dunklee directly or indirectly controlled the business of Jefferson and that the latter failed (and Dunklee caused it to fail) to file promptly an amendment to its application to show such control; and that since sometime before August 5, 1958, Anuskewicz has not been the only person owning 10% or more of Jefferson's common stock and that Jefferson wilfully made (and Dunklee caused it to make) statements in the August 5th amendment which were, at the time and in light of the circumstances under which they were made, false and misleading with respect to the beneficial ownership of Jefferson stock.

The Commission's order further charges that, if this information is true, Jefferson wilfully violated the reporting and disclosure requirements of the Securities Exchange Act of 1934 and that Dunklee "aided, abetted, . . . induced and procured such violation." A hearing for the purpose of taking evidence in the proceedings will be held at a date later to be announced.

(NOTE TO PRESS: Copies of foregoing also available at SEC New York Office)

AMERICAN GROWTH FUND PROPOSES STOCK OFFERING

American Growth Fund, Inc., newly-organized investment company of 800 Security Building, Denver, Colo., filed a registration statement (File 2-14543) with the SEC on November 17, 1958, seeking registration of 1,000,000 shares of its 1¢ par Capital Stock, to be offered for public sale at competitive bidding. The prospectus lists Robert D. Brody as president; Maurice S. Brody Investment Research Corporation as investment adviser; and American Growth Fund Sponsors, Inc., as underwriter. Brody also is president of the underwriter.

-MORTON MANUFACTURING FILES FOR SECONDARY

Morton Manufacturing Corporation, 2101 Hudson St., Lynchburg, Va., filed a registration statement (File 2-14544) with the SEC seeking registration of 120,000 outstanding shares of its Common Stock, to be offered for public sale through an underwriting group headed by Johnson, OVER

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Lane, Space Corporation, of Augusta, Ga. The shares are to be purchased by the underwriter from the selling stockholders at \$6 per share. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of lip balm, cosmetics, toilet preparations, food specialties, flavorings and other household and medicinal products. It had outstanding on October 4, 1958, 40,964 shares of \$10 par common stock and 8,144 shares of \$25 par preferred stock. On October 23, 1958, the directors called for redemption as of November 24, 1958, the 8,144 preferred shares at the redemption price of \$26 per share. The company also has proposed to the Virginia State Corporation Commission a charter amendment pursuant to which the 40,964 shares of \$10 par Common Stock are to be converted into 409,640 shares of \$1 par common. Furthermore, the company is arranging for a \$600,000 loan from Jefferson Standard Life Insurance Company, pursuant to which the latter will be granted a 15-year warrant to purchase 10,000 common shares of Morton at \$7 per share. Proceeds of the loan will be used to pay loan expenses, to reimburse the company's treasury for the cost of redeeming its preferred shares, and for capital expenditures and working capital.

According to the prospectus, John T. Morton, board chairman, and Lawrence B. Whitehouse, vice president, have entered into an agreement with the underwriter whereby they will sell to the underwriter 19,000 shares of the \$1 par common stock (approximately 30% of their holdings). They also agreed to use their best efforts to secure from other stockholders of the company agreements making available for purchase an aggregate (including their 19,000 shares) of 120,000 shares of stock, and agree to make up any deficiency to the extent of 3,000 shares of their holdings.

WEST OHIO GAS PROPOSES STOCK OFFERING

West Ohio Gas Company, 319 West Market St., Lima, O., filed a registration statement (File 2-14545) with the SEC on November 17, 1958, seeking registration of 37,615 shares of its \$5 par Common Stock. The company proposes to offer this stock for subscription at \$15 per share by its common stockholders of record December 6, 1958, at the rate of 1 new share for each 10 shares then held. No underwriting is involved.

Net proceeds of the stock sale will be added to the general funds of the company and will be used for the improvement or maintenance and/or for the acquisition, construction, completion, extension or improvement of its facilities. Additional funds will be obtained through term borrowing from banks and from the proposed sale of \$1,500,000 of 4½% Sinking Fund Debentures, due 1978, to an institutional investor, the proceeds of which latter sale will be used to redeem \$1,250,000 of outstanding notes and for construction and other purposes.

MARLEY CO. FILES TRUST INDENTURE

The Marley Company, 222 West Gregory Blvd., Kansas City, Mo., filed with the SEC on November 17, 1958, an application (File 22-2471) under the Trust Indenture Act of 1939 seeking qualification of a trust indenture pursuant to which it proposes to issue 6% Subordinated Debentures (in an "unlimited aggregate amount").

According to the application, Marley has offered an option and stock purchase agreement to all holders of its common stock. Under the agreement, Marley has an irrevocable option to purchase from a "Disposing Shareholder" all or any shares of its common stock held by such holder at the price and on the terms provided in the agreement. The purchase price of all shares is the amount equivalent to the fair value of the shares as computed in the manner set forth in the agreement. The purchase price for shares purchased by Marley shall be payable in cash, or at the option of Marley, the greater of \$25,000 or 25% of the purchase price in cash, plus such additional amount in cash as will reduce the balance of the purchase price to a multiple of \$1,000, and the balance of the purchase price in 6% Subordinated Debentures. Such issuance of debentures is considered exempt from Securities Act registration, according to the application.

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SEC GRANTS EXEMPTION WITH RESPECT TO MANILA ELECTRIC BORROWINGS

The SEC has issued an order (Release 35-13865) granting an exemption application filed by General Public Utilities Corporation, New York holding company, with respect to certain undertakings by it coincident with a credit agreement which its subsidiary, Manila Electric Company, proposes to enter into with the Export-Import Bank of Washington. Under the agreement, the latter is to establish a line of credit for Manila Electric not exceeding \$9,900,000, the notes evidencing such borrowings to be secured by the pledge of a new series of first mortgage bonds to be issued by Manila Electric. The proceeds of the borrowings are to be used by Manila Electric to finance the purchase in the United States, and the transportation to the Philippines, of a 60,000 kw turbo-generator for installation by Manila Electric as the sixth unit in its Rockwell generating station located at Makati in the Province of Rizal, Island of Luzon, a suburb of Manila, and to pay for related engineering and other incidental services, together with shipping costs.

To assist Manila Electric in the procurement of the line of credit with the Bank, GPU proposes to enter into an agreement with the Bank under which it will make certain guarantees in respect of the Bank's loans to Manila Electric. Such agreement constitutes an extension of credit to Manila Electric; and this transaction was exempted by the Commission from the requirement for filing a declaration. An application by Manila Electric for exemption of its proposed issuance of notes to the Bank was dismissed by the Commission as being entitled to exemption under prior orders of the Commission.

AMERICAN HORSE RACING AND UNIVERSAL FUEL OFFERINGS SUSPENDED

The Securities and Exchange Commission 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:

- 1) American Horse Racing Stables, Inc., Carson City, Nevada
In a Regulation A notification filed by this company ("Racing Stables") on May 11, 1956, it proposed the public offering of 3,000,000 shares of its common stock at 10¢ per share
- 2) Universal Fuel and Chemical Corporation, Farell, Pennsylvania
Universal's Regulation A notification, filed May 17, 1956, proposed the public offering of 300,000 shares of common stock at \$1 per share

Regulation A provides a conditional exemption from registration for public offerings of securities not exceeding \$300,000 in amount. The Commission's suspension orders assert that Racing Stables and Universal failed to comply with certain terms and conditions of the Regulation. With respect to Racing Stables, the Commission charges that the company failed to file an amended offering circular in connection with its stock offering, that it failed to file certain sales literature, namely a newspaper advertisement, as required, and that such advertisement did not comply with Commission rules. Universal's stock offering, according to the Commission's order, taken together with securities of an affiliate sold within one year in violation of the registration requirements of the Securities Act, exceeded the \$300,000 limitation prescribed by the Regulation.

Moreover, in the case of Universal, the Commission's order asserts that the company's offering circular was false and misleading in respect of certain material facts and that its use in the offering and sale of Universal stock operated as a fraud and deceit upon purchasers of the stock. The Commission challenged information with respect to the intended use of the proceeds of the sale of Universal stock, particularly as to (a) purchases of equipment, (b) reduction of presently outstanding obligations and (c) working capital. It also charged (1) a failure to disclose that Universal has sustained and was sustaining a net loss from its business operations; and (2) a failure to disclose that leases held by assignment for 65 acres and 88 acres of land in Ohio for purpose of surface mining were never worked.

SPORTS ARENAS (DEL.) FILES FINANCING PROPOSAL AND FOR SECONDARY

Sports Arenas (Delaware) Inc., 33 Great Neck Road, Great Neck, N. Y., today filed a registration statement (File 2-14546) with the SEC seeking registration of \$2,000,000 of 6% Ten Year Convertible Debentures (Subordinated), due January 1, 1969, and 461,950 outstanding shares of

its 1¢ par Common Stock. The debentures are to be offered for public sale for the account of the issuing company; and the company will receive \$2,000,000 before deducting the company's share of the expenses and brokerage commission of 6% (no underwriting is involved) and expenses (estimated at \$120,000). Net proceeds of the sale of the debentures will be used as follows: \$750,000 to pay AMF Pinpointers, Inc., a subsidiary of American Machine & Foundry Company, for Bowling Alley beds; \$350,000 to pay for other installations, fixtures and equipment; \$85,000 to expand two present establishments by increasing the number of alley beds by 8 at Yorktown Heights and by 6 at Wilton Manor Lanes, Fort Lauderdale; \$300,000 for deposits on leaseholds, telephones and utilities; and \$395,000 for working capital (reserving \$120,000 as an approximate cost of selling the debentures).

The 461,950 common shares are to be offered by the present holders of the shares at the market but in no event less than \$6 per share. The company will receive no part of the proceeds of such sale. The company has outstanding 1,209,692. The 52 selling stockholders propose to offer for sale all the shares owned by them. They include Louis H. Joseph, 20,000 shares; Bostwick Westbury Corp., 25,000; A. G. A. Construction Corp., 40,000; Nationwide Holdings Inc., 25,000; Robert Erdman, 30,000; Pauline Golding, 20,000; Frederick Schwerin, 34,034; and Robert Erdman, 35,000. According to the prospectus, the officers and directors as a group own 173,067 shares (11.5%), none of which is the subject of the present offering.

REVLON FILES STOCK OPTION PLAN

Revlon, Inc., 666 Fifth Ave., New York, today filed a registration statement (File 2-14547) with the SEC seeking registration of 140,000 shares of its Common Stock, to be offered to employees of Revlon and its subsidiaries pursuant to the company's Executive Stock Option Plan.

SWIFT & CO. SEEKS EXEMPTION FOR INDENTURE TRUSTEE

Swift & Company, Chicago, Ill., has filed an application with the SEC under the Trust Indenture Act of 1939 for an order permitting The First National Bank of Chicago, trustee under Swift's 1947 and 1948 indentures, to serve also as trustee under an indenture proposed to be executed; and the Commission has issued an order (Release 39-124) giving interested persons until November 26, 1958, to request a hearing upon the application.

According to the application Swift proposes to issue and sell \$50,000,000 of 4-3/4% Twenty-Five Year Debentures due 1983, to be issued under an indenture dated as of October 1, 1958, to The First National Bank of Chicago, Trustee. In its application, Swift seeks a determination that the Bank's trusteeship under the 1947 and 1948 indenture and under the proposed new 1958 indenture is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Bank from acting as trustee under the 1947 and 1948 indentures.

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Keystone Custodian Funds, Inc., Boston, Mass., investment company, filed an amendment on November 17, 1958 to its registration statement (File 2-10526) seeking registration of an additional 500,000 Keystone Custodian Fund Certificates of Participation Series B-4.

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Keystone Custodian Funds, Inc., Boston, Mass., investment company, filed an amendment on November 17, 1958 to its registration statement (File 2-10661) seeking registration of an additional 500,000 Keystone Custodian Fund Certificates of Participation Series S-1.

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