

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



Washington 25, D.C.

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

FOR RELEASE November 28, 1958

## BROOKS & PERKINS PROPOSES STOCK OFFERING

Brooks & Perkins, Incorporated, 1950 West Fort St., Detroit, Mich., filed a registration statement (File 2-14563) with the SEC on November 26, 1958 seeking registration of 100,000 shares of its Common Stock, to be offered for public sale through an underwriting group headed by Watling, Lerchen & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the rolling and fabrication of magnesium and magnesium alloys, and in the fabrication of other metals and alloys, including titanium, aluminum, lithium and zirconium. Net proceeds of this stock sale will be used as follows: \$500,000 to complete the company's commitment to purchase at par 5,000 shares of the \$100 par common stock of Alabama Metallurgical Corporation; and the balance for general corporate purposes.

Alabama Metallurgical was organized in 1956 jointly by Brooks & Perkins and Dominion Magnesium Limited, a Canadian corporation. The latter two originally had equal stock ownership in Alabama. On June 19, 1958, the company acquired all of Dominion's stock in Alabama. Thereafter, on October 15, 1958, the company entered into an agreement with Calumet & Hecla, Inc., providing, among other things, for immediate recapitalization of Alabama with authorized capital stock of \$2,500,000, represented by a single class of 25,000 shares of \$100 par common stock. The company owns 2,500 shares and Calumet 6,000 shares, purchased by each at par. Under the agreement, the company also is required to purchase an additional 5,000 shares at par and Calumet the remaining 11,500 shares at par.

Alabama was organized to build and operate a high-purity magnesium production plant near Gelma, Ala. The plant site is located on the Alabama River about 75 miles south of Birmingham and 40 miles west of Montgomery. Ground has been broken and construction of the plant is expected to be completed by the end of 1959 at a cost (including machinery and initial working capital) estimated at \$4,500,000, of which \$2,500,000 will be provided by the total capital investments of the company and Calumet and the balance through borrowings.

## EAST OHIO GAS PROPOSES NOTE ACQUISITION

The East Ohio Gas Company, Cleveland, Ohio, has applied to the SEC for permission to purchase three-year 5½% promissory note of Tracco Cleveland, Inc., in the amount of \$1,825,000; and the Commission has issued an order (Release 35-13870) giving interested persons until December 10, 1958, to request a hearing.

East Ohio owns and occupies an office building in Cleveland which within the next ten years will not provide adequate office space. Accordingly, it proposes to enter into a long term lease for office space at an annual rental of \$683,000 in an office building under construction in Cleveland by Tracco, and expected to be completed in 1959.

In connection with such transaction East Ohio intends to sell its office premises consisting of land, the main office and annex, and garage buildings. Tracco has agreed to purchase the properties for \$2,600,000, of which \$775,000 will be paid in cash and the balance of \$1,825,000 by the issuance of the three-year notes which will be secured by a purchase money mortgage on the properties.

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OVER

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

## STANWAY OIL AND UNITED STANDARD HEARING REQUESTS GRANTED

The Securities and Exchange Commission has granted requests filed by Stanway Oil Corporation, Los Angeles, and United Standard Corporation, Brenham, Texas, for hearings on the question whether prior orders of the Commission temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to proposed public stock offerings by the respective companies should be vacated or made permanent. (Release No. 33-3998).

The hearing with respect to Stanway is scheduled for January 16, 1959, in the Commission's San Francisco Regional Office and concerning United for January 13, 1959, in the Commission's Fort Worth Regional Office.

In a Regulation A notification filed October 20, 1958, Stanway proposed the public offering of 300,000 common shares at \$1 per share pursuant to the conditional exemption from registration provided by Regulation A. The exemption was temporarily suspended by Commission order of November 14, 1958, the order asserting that the notification failed to disclose that Cadillac Oil Company is a predecessor or to include the required financial statements and that the company's offering circular contains false and misleading statements of material facts and omits to state certain material facts. (For details, see Release No. 3993).

United proposed the public offering of 300,000 common shares at \$1 per share in a notification filed October 6, 1958. In its order of October 28, 1958, suspending the Regulation A exemption from registration, the Commission asserted that United failed to comply with certain conditions of Regulation A and that its offering circular was false and misleading in respect of certain material facts. (For details, see Release No. 3983).

## TWO GUYS FROM HARRISON PROPOSE DEBENTURE OFFERING

Two Guys From Harrison, Inc., Building 209, Port Newark, Newark, N. J., filed a registration statement (File 2-14564) with the SEC seeking registration of \$2,500,000 of Convertible Subordinated Debentures due January 1, 1974, to be offered for public sale through an underwriting group headed by Bache & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company presently operates 18 retail stores. It contemplates opening four new stores in northern New Jersey during 1959, of which two will be new locations and two will be expansions of existing units. The new units will be opened in existing buildings; the expanded units are to be built by the company. The total cost of this program of acquisition and construction is estimated at approximately \$6,100,000, of which \$5,800,000 represents the cost of land and buildings and \$300,000 represents fixtures and inventory.

Of the total amount required, approximately \$1,700,000 has been provided for by means of purchase money mortgages and mortgage commitments; approximately \$2,300,000 will be realized from the issuance and sale of the debentures; and the company expects to derive some \$400,000 from deposits on leased departments and \$160,000 through purchase of equipment on conditional sales contracts. The company contemplates raising the remaining \$1,540,000 by additional mortgage financing on the new properties.

For 12/1/58 release

Arthur H. Hinton BA  
Code 128-X 5433  
4901

Wendell B. Barnes, Administrator of the Small Business

Administration, announced today that his agency is now ready to receive applications for the establishment of small business investment companies.

He said the recently issued proposed regulations have been revised and that the completed official regulations to govern the formation and operation of the investment companies are now in the mail to the agency's regional offices.

Edward N. Gadsby, Chairman of the Securities and Exchange Commission, at the same time announced that ~~the SEC had prepared~~ <sup>the SEC had prepared</sup> regula-

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*regulations to govern its part in the new program to help small business*  
*be announced within a few days.*

Copies of the SBA application form are now available at Small Business Administration field offices and must be filed by applicants in SBA field offices after completion. The SBA regulations soon also will be available to interested persons in all of the SEC regional and ~~XXXXXX~~ branch offices. The SEC regulations may also be obtained in the SBA offices. Application form SBA No. 414 is to be used by persons interested in organizing an investment company in filing a proposal with the Small Business Administration. This proposal form may be filled out and filed with the offices of the SBA as the first step in the formation of a small business investment company under Public Law 85-699.

Mr. Barnes said:

"We have received a number of comments on our proposed regulations announced and published in the Federal Register for October 29, 1958. These comments from interested individuals

and groups have been helpful to us in refining the proposed regulation. It has thus been possible to clarify certain proposed provisions and to make some substantial changes where it appeared that such action was desirable.

"We believe the regulations of both agencies as presently revised are clear and will be helpful to those persons intending to organize and operate small business investment companies. It should be possible under our regulations for these companies to organize promptly and operate successfully.

"It will doubtless be necessary to make further changes in the regulations in the light of experience gained under operation of this important new program."

Administrator Earns and Chairman Gadsby also announced that three public meetings are being planned for January, one on the West Coast, another in the Mid-West, and a third in the East. At these meetings, which will be open to the public and under the sponsorship of local business groups, officials of the Small Business Administration and the Securities and Exchange Commission will explain their respective official regulations governing the organization and operations of small business investment companies.

Under the Small Business Investment Act, the Small Business Administration will license small business investment companies. These small business investment companies are to be devoted entirely to financing small business enterprises. All must be licensed by the Small Business Administration to obtain the benefits provided by the Act.

The Small Business Administration will regulate and supervise the investment companies after they are licensed, and also will help the investment companies obtain financing by purchasing their debentures -- and by making loans to them -- from a \$50 million revolving fund.

Under the Small Business Investment Act, the Securities and Exchange Commission has authority covering the area of issuance and sales of <sup>public</sup> stocks by small business investment companies, and <sup>or convertible</sup> may also have jurisdiction over ~~these activities~~ <sup>the securities of corporations</sup> ~~whose interest purchased by these~~.

stocks  
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distribution of

Wardell



# P R E S S   R E L E A S E

## SMALL BUSINESS ADMINISTRATION

SECURITIES AND EXCHANGE COMMISSION

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JOINT RELEASE

SMALL BUSINESS ADMINISTRATION  
AND  
SECURITIES AND EXCHANGE COMMISSION

DEC 2 1958

FOR MAIL  
DOCKET, MAIL & FILES

ADVANCE RELEASE

SBA - No. 430

EXecutive 3-3111  
Ext. 5433, 5795

For Monday Morning Papers  
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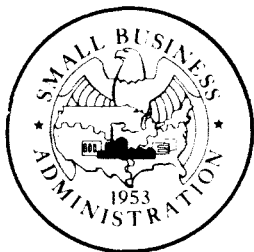
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Under the Small Business Investment Act, the Securities and Exchange Commission has authority covering the area of issuance and public sales of securities by small business investment companies, and may also have jurisdiction over any public distribution of the securities of small businesses purchased by them.

-END ADVANCE RELEASE-



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