

# 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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FOR RELEASE August 24, 1960

**VIOLATIONS CHARGED TO DAYTON COMPANY.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether provisions of that Act and Commission rules thereunder have been violated by Dayton Company, 7245 S. W. 57th Ave., South Miami, Fla., and, if so, whether it is in the public interest to revoke its broker-dealer registration and/or to suspend or expel it from membership in the National Association of Securities Dealers, Inc.

Dayton Company has been registered with the Commission since September 1957. Elizabeth Kennedy Dayton is president and owner of 10% or more of its outstanding stock. On September 29, 1959, the company was enjoined by the U. S. District Court for the Southern District of Florida from the further conduct of a securities business in violation of the Commission's net capital rule.

In its order authorizing these proceedings, the Commission asserts that information developed in an investigation conducted by its staff tends if true to show that Dayton Company not only violated the net capital rule but also violated the Commission's record-keeping rules, in that it made false and misleading entries in its books and records with respect to the company's trading and investment account and the account of Michael A. Light and failed to make and keep current certain of the required books and records. Moreover, according to the order, Dayton Company falsified its registration application by not listing Light as a controlling person; failed to revise said application to correct the listing of officers and directors of the company which became inaccurate when certain changes therein occurred; failed to correct the disclaimer therein that the company had been enjoined; and failed to amend the registration application to show a change in business address when the company moved from the 57th Avenue address.

The Commission's order also charges that Dayton Company hypothecated certain securities carried for the accounts of certain customers under circumstances which (1) permitted such securities to be commingled with securities carried for the accounts of other customers without first obtaining the written consent of each such customer to such hypothecation; (2) permitted such securities to be commingled with securities carried for the account of the registrant under a lien for a loan made to registrant; and (3) permitted such securities to be hypothecated and subjected to liens and claims of the pledgee for a sum which exceeded the aggregate indebtedness of all customers in respect of securities carried for their accounts. The company's president and Light are said to have caused such unlawful hypothecation by the company.

A hearing will be held, at a time and place later to be announced, for the purpose of taking evidence on the foregoing. (NOTE TO PRESS. Copies of foregoing also available in SEC Miami Office)

**CANADIAN RESTRICTED LIST.** The SEC today announced the addition of Dominion Leaseholds Ltd. and Turbeen Minerals Ltd. to its Canadian Restricted list. The list now comprises the names of 222 Canadian companies whose securities recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide. (Release 33-4269)

**REHEARING ON GREAT AMERICAN LIFE UNDERWRITERS DENIED.** The SEC has issued an order under the Investment Company Act (Release 40-3101) denying a petition of Dorothy Hennesy, doing business as Hennesy & Co., a stockholder of The Great American Life Underwriters, Inc., for rehearing and reargument with respect to the Commission's decision of July 15, 1960 (Release 40-3070) which exempted Great American Life Underwriters from the Investment Company Act of 1950, retroactive to January 1, 1941.

**ALDENS PROPOSES RIGHTS OFFERING.** Aldens, Inc., 5000 W. Roosevelt Road, Chicago, today filed a registration statement (File 2-16949) with the SEC, seeking registration of \$6,205,000 of convertible subordinated debentures, due October 1, 1960. The company proposes to offer the debentures for subscription by holders of outstanding common stock of record on September 30, 1960, on the basis of \$100 principal amount of debentures for each 14 shares held. The principal underwriter is listed as Lehman Brothers. The interest rate, subscription price and underwriting terms are to be supplied by amendment.

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The company is engaged in the general retail business, selling merchandise throughout the U.S. and its possessions by mail order and in retail stores. The net proceeds from the debenture sale will be added to the company's general funds, to be available for corporate purposes. According to the prospectus, no specific allocation of such proceeds has been made, but the funds will be used for carrying an increasing volume of customer accounts receivable.

In addition to certain indebtedness and preferred stock, the company has outstanding 868,700 shares of common stock, of which management officials own 3.2%. The prospectus lists Robert W. Jackson as president.

**ALLSTATE CONSOLIDATED 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 proposed public offering of stock by Allstate Consolidated, Inc., 1800 David Stott Building, Detroit, Mich.

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 July 20, 1960, Allstate Consolidated proposed the public offering of 100,000 common shares at \$3 per share. The Commission's suspension order asserts that certain terms and conditions of Regulation A were not complied with by the company; that its notification and accompanying offering circular contain false and misleading representations of certain material facts; and that the stock offering would violate Section 17 (the anti-fraud provision) of the Securities Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Allstate Consolidated was organized in February 1960 for the purpose of engaging in the real estate business. William L. Robinson of Royal Oak, Mich., is listed as president. The Commission's order challenges information in the company's notification and offering circular with respect to the identification and background of the promoters; the identification and shareholdings of officers and directors; the method by which the company proposes to offer its securities; the failure to include, in the offering circular, an adequate description of the speculative nature of the proposed business and certain factors affecting the value of the shares being offered; the statement that company stock held by First Prudential Corporation has been escrowed for at least one year; the statement that the first \$175,000 of the proceeds of the stock sale will be escrowed and that, if less than that amount is received, stockholders will have their investments returned; the statement that Michael and Sylvia Taines have no connection with the company other than holding, through First Prudential Corporation, 125,000 shares of its stock; the representations with respect to the proposed use of the proceeds of the stock sale; and the statement that officers and directors other than Paul L. Silverstein will serve without compensation until such time as the company is financially able to pay salaries commensurate with their positions.

The terms and conditions of Regulation A were not complied with, according to the order, by reason of the failure, among other things, to disclose all affiliates and promoters of the company, and to describe adequately and accurately the physical properties held or to be acquired by the company.

**MARKET IMPROVEMENT SUSPENSION ORDER VACATED.** The Commission has vacated its order of June 30, 1960, temporarily suspending a Regulation A exemption with respect to a public offering of Class A and Class B shares by Market Improvement Company, 6695 N.W. 36th Ave., Miami. The suspension order was based on the company's failure to comply with a requirement of Regulation A for the filing of semi-annual reports of stock sales pursuant to the exemption. Subsequently, such a report was filed which complies with the said requirement; and the Commission thereupon vacated its suspension order.

**UNITED PACIFIC ALUMINUM PROPOSES DEBENTURE OFFERING.** United Pacific Aluminum Corp., 5311 Avalon Boulevard, Los Angeles, today filed a registration statement (File 2-16950) with the SEC, seeking registration of \$7,750,000 of convertible subordinated debentures, due 1975, to be offered for public sale through a group of underwriters headed by Straus, Blosser & McDowell. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture from aluminum pig and scrap of bright and enameled aluminum sheet and coil stock of various gauges and widths which it sells throughout the U.S. to fabricators of a variety of end products. Sale of the debentures is a part of the financing and related arrangements for the further integration of the company's manufacturing operations, which contemplate the erection of a primary aluminum reduction facility. The buildings and site facilities will be constructed by the Port of Longview on a site on the Columbia River about four miles from Longview, Wash., and will be leased to the company on a long-term basis. The electrical equipment required for the reduction facility will be purchased on a long-term deferred payment program from the General Electric Company. Sale of the debentures will furnish the remaining funds necessary to pay for the equipment (other than electrical equipment) and to provide the working capital for the reduction facility. The land will be purchased at a cost of about \$375,000.

In addition to certain indebtedness, the company has outstanding 477,405 shares of common stock, of which Jack J. Bayer, president, owns 99,639 shares, Ida Bayer, his wife, owns 66,589 shares, and management officials as a group own 293,824 shares.

**KAYNAR INC. FILES FOR OFFERING AND SECONDARY.** Kaynar, Inc., 7875 Telegraph Road, Pico-Rivera, Calif., today filed a registration statement (File 2-16951) with the SEC seeking registration of 300,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the issuing company and 200,000 shares,

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being outstanding stock, by the present holders thereof. The public offering price and underwriting terms are to be supplied by amendment. William R. Staats & Co. is listed as the principal underwriter.

The company's business is the designing, manufacturing and selling of products in two basic categories; light weight nuts, principally the "Kaylock" self-locking nut; and "Lady Ellen" "Klippias" pin curl clips, a ladies hair styling device. Net proceeds to the company from its sale of stock will be added to the company's working capital. To the extent of \$235,000, working capital which has been used since January 31, 1960, to pay off two loans aggregating that amount will be replaced. About August 1st, the company's subsidiary, Kaynar (France) S.A.R.L., completed the equipping of a manufacturing plant in Moussey (Vosges), France. When this facility is in full operation the subsidiary is expected to require about \$250,000 of working capital which the company will supply.

In addition to certain indebtedness the company now has outstanding 200,000 shares of common stock and 800,000 shares of Class B common stock, all of which is owned in equal amounts by Kenneth Reiner, president, and Frank A. Klaus, executive vice-president. Each proposes to sell 100,000 shares of the common stock.

CLARK CABLE FILES FOR OFFERING & SECONDARY. Clark Cable Corporation, 3184 West 32nd Street, Cleveland, filed a registration statement (File 2-16948) with the SEC on August 23, 1960, seeking registration of 222,500 shares of common stock, of which 127,500 shares are to be offered for public sale for the account of the company and 95,000 shares, being outstanding stock, by the present holders thereof. The shares are to be offered for sale at \$4.00 per share through a group of underwriters headed by Robert L. Ferman & Company, which will receive a 48¢ per share commission. The selling stockholders have sold to the underwriters 19,600 outstanding shares of common stock for \$1,960.

The company is engaged in the manufacture and development of electronic, electrical and mechanical systems and components principally for use by the U. S. Government. It manufactures specialty cable assemblies for electronic and electrical applications and replacement parts for missiles, aircraft, naval vessels, tanks, trucks, ground-to-air control devices, and other military and defense applications. The Company also manufactures electronic and hydraulic missile handling systems and hydraulic power packages as well as jet blast deflectors used in launching jet aircraft from carriers and other vessels. Of the \$425,400 net proceeds from the stock sale, \$136,000 will be used to repay existing obligations to banks incurred in 1960 to retire trade accounts payable and for other working capital purposes; \$22,000 to retire the company's promissory notes held by Capital Industries Inc.; and the balance for working capital and other corporate purposes.

In addition to indebtedness, the company has outstanding 369,100 shares of common stock, of which J. Ed Sandford, president, owns 180,265 shares and proposes to sell 47,500 shares; William S. Clark, vice president, owns 45,983 shares and proposes to sell 11,875 shares; and William S. Beckenbach, vice president, owns 142,852 shares and proposes to sell 35,625 shares.

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