

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

August 28, 1957

ROBERTS SECURITIES BROKER-DEALER REGISTRATION REVOKED

In a decision announced today, the SEC revoked the broker-dealer registration of Roberts Securities Corporation ("Securities"), of New York. The revocation was based upon a court injunction decree against John V. Holmes, president and controlling stockholder, failure to disclose such injunction in Securities' registration, and failure to disclose that Securities ceased doing business at the address listed in its registration.

Securities' registration as a broker-dealer became effective October 12, 1955. Amendments thereto were filed on October 26, 1955, April 18, 1956, and December 18, 1956. Although the original application did not name Holmes, he was listed in the April 18th amendment as president, director, and sole stockholder. According to the Commission's decision, Holmes was enjoined on July 6, 1956, by a consent decree of the Supreme Court, New York County, from engaging in the securities business. The complaint in that case alleged that Holmes had published and distributed a prospectus containing false and misleading representations in the offer and sale of Arrow Graphic Corporation stock.

Prior to the injunction, Securities' registration had given a negative response to the question whether any officer, director or controlling person had been enjoined from any act or practice involving the purchase or sale of securities. In the subsequent amendment, the answer to this question was left blank. Although Holmes testified before the Commission that he resigned from Securities at the time of the injunction, turned his shares and records of the company over to an attorney, and considered the matter to have been "liquidated," the Commission observed that Securities continued to be registered and was obligated to file amendments necessary to correct any information contained in the registration application. Failure to file an amendment disclosing the injunction decree entered against Holmes "constituted a wilful violation" of the Commission's rules, the decision stated. The rules also were violated by reason of the failure of Securities to file an amendment after it was no longer located at the New York address given in the amendments of October, 1955 and April, 1956. The evidence indicates, according to the Commission's decision, that Securities abandoned its office at this address no later than July, 1956, and in effect ceased to do business.

Under all the circumstances, the Commission observed, including the fraudulent conduct by Holmes set forth in the complaint in the injunction action, revocation of Securities' broker-dealer registration is in the public interest. (See Securities Exchange Act Release No. 5569.)

(OVER)

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

JEFFERSON LAKE SULPHUR PROPOSES OFFERING TO STOCKHOLDERS

Jefferson Lake Sulphur Company, New Orleans, filed a registration statement (File 2-13575) with the SEC on August 27, 1957 seeking registration of 150,000 shares of its \$1 par common stock. The company proposes to offer this stock for subscription by holders of its outstanding common stock of record September 19, 1957 at the rate of one additional share for each five shares then held. The public offering price and underwriting terms are to be supplied by amendment. Hornblower & Weeks and Robert Garrett & Sons are listed as the principal underwriters.

Net proceeds from the sale of the additional common shares will be added to the general funds of the company and will be used for general corporate purposes (including additional working capital found necessary due to the company's expansion) and for the development of new projects in the United States and Canada (including exploration and development of the company's gas reserves in the East Calgary field in Alberta).

The second phase of the drilling program for developing the 80,000-acre area of interest in the East Calgary field will require the drilling of four wells at an estimated total cost of \$1,000,000. In order to make available enough gas for meeting pipeline requirements and for supplying the sulphur plant with enough hydrogen-sulphide gas to enable the plant to operate at capacity, the company intends to undertake additional development of the field. A portion of the net proceeds may be used for these purposes.

The total investment by the company in gas processing and sulphur recovery plants in the East Calgary field and in the Savanna Creek area of Alberta may come to about \$15,000,000. A part of the net proceeds may be used for such purposes in the event that the funds required for the plant investments are not raised in full directly by the company or through a subsidiary.

NATIONAL AVIATION TO PURCHASE SPERRY RAND DEBENTURES

National Aviation Corporation, New York investment company, has applied to the SEC for an exemption order permitting its acquisition of not to exceed \$750,000 of Sperry Rand Corporation debentures; and the Commission has issued an order giving interested persons until September 9, 1957 to request a hearing thereon.

Sperry Rand has proposed the public offering of \$110,000,000 of Sinking Fund Debentures due September 1, 1982. The underwriting group is expected to include Paine, Webber, Jackson & Curtis and Hornblower & Weeks. Stuart R. Reed, a director of National, is a special partner of the Paine-Webber firm; and Charles S. Sargent, another director, is a partner of Hornblower & Weeks. Because of this intercompany affiliation, purchase of Sperry Rand debentures by National is prohibited by the Investment Company Act unless an exemption order is issued by the Commission. (See Investment Company Act Release No. 2586.)

NATIONAL CYLINDER GAS FILES DEBENTURE ISSUE

National Cylinder Gas Company, Chicago, today filed a registration statement (File 2-13576) with the SEC proposing the public offering of \$17,500,000 of Subordinated Debentures due September 1, 1977 (convertible on or before September 1, 1967). The company proposes to offer the debentures for public sale through an

underwriting group headed by Merrill Lynch, Pierce, Fenner & Beane. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

Net proceeds from the sale of the debentures will be added to the cash funds of the company to be available for general corporate purposes. The company plans to use a part of such proceeds to retire \$6,000,000 of bank notes and \$1,365,000 of other indebtedness. The company plans to use the balance of the proceeds for expansion of facilities and to increase working capital for the growing needs of the company. According to the prospectus, proceeds of the bank notes were used for working capital; and the proceeds of the other indebtedness were used in connection with the purchase of a plant in Louisville, Ky., production facilities in Detroit, Mich.; the assets of a medicinal oxygen company in Pittsburgh, Pa.; and the welding inventory of a dealer in Colorado Springs, Colo.

UNIFIED FUNDS FILES ADDITIONAL SHARES

Unified Funds, Inc., Indianapolis investment company, today filed a registration statement (File 2-13577) with the SEC seeking registration of an additional 270,000 shares of its \$2 par Common Stock.

FOREST LABORATORIES PROPOSES COMMON STOCK OFFERING

Forest Laboratories, Inc., Brooklyn, N. Y., today filed a registration statement (File 2-13578) with the SEC seeking registration of 200,000 shares of its capital stock, 10¢ par, to be offered for public sale at \$2.50 per share. The public offering is to be made on a "best efforts" basis by Mortimer B. Burnside & Co., Inc., for which it will receive a selling commission of 50¢ per share. The issuer also will pay the underwriter \$12,500 to reimburse it for expenses. In addition, the issuer is obligated to pay a finder's fee out of proceeds of \$.0625 for each share sold.

Forest Laboratories was organized under Delaware law on April 11, 1956 for the purpose of acquiring the assets of Bonded Laboratories, Inc., a New York corporation. It is engaged primarily in the business of developing, manufacturing and selling various drugs and pharmaceutical products, as well as importing cosmetic compounds and preparations from foreign markets for sale in this country. Both the company and certain of its products are said to be in the development stage, and its operations have been conducted at a deficit arising from operational, organizational and development expenses. Bonded Laboratories, Inc., Hans Lowrey (the president and sole stockholder of Bonded Laboratories and also president of Forest Laboratories), Joseph H. Leeds and Anthony Leeds are listed as promoters. Bonded Laboratories owns 66,700 shares (37.3%) and Joseph H. Leeds, 23,000 shares (12.8%) of the outstanding stock of Forest Laboratories.

Of the net proceeds of the sale of the shares, Forest Laboratories proposes to use \$140,000 for the expense of its sales force and promotion of the company's products; \$73,000 for working capital; \$60,000 for additional inventory and accounts receivable; \$50,000 for research for development in respect of new products; \$40,000 for stabilization of the market; and \$12,500 as the finder's fee.