

# 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 January 13, 1961

**KEY ATOMIC MINERALS 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 public offering of stock by Key Atomic Minerals Corporation, 830 North Institute St., Colorado Springs, Colo.

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 in November 1957, Key Atomic proposed the public offering of 150,000 common shares at \$2 per share pursuant to such an exemption. The Commission's order asserts that certain terms and conditions of Regulation A were not complied with; that the company's notification and offering circular were false and misleading by reason of the failure to disclose certain material facts; and that the stock offering was made in violation of Section 17 (the anti-fraud provision) of the Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The alleged misrepresentations relate to the company's failure to disclose (1) the acquisition of a mining lease and the terms of such lease; (2) certain arrangements to purchase substantial blocks of stock in other corporations; (3) that another corporation was exploring the company's properties; and (4) adequately the use to be made of the proceeds of the stock offering.

**ORDER SUSPENDING CHAMPION VENTURES OFFERING VACATED.** The Commission has vacated its order of April 13, 1960, temporarily suspending a Regulation A exemption with respect to a public stock offering by Champion Ventures, Inc., of 600 Mile High Center, Denver. The suspension order was based upon the company's failure to comply with certain condition of the regulation, in that the company failed to file an accurate report of stock sales and failed to cooperate with the Commission by its failure to respond to letters from the Commission. Subsequently, an accurate report of sales was filed; and the Commission concluded that it would be appropriate to vacate the suspension order.

**JAY C. ROBERTS REGISTRATION REVOKED.** The SEC has issued an order (Release 34-6451) revoking the broker-dealer registration of Jay C. Roberts, doing business as Jay C. Roberts & Co., 18 Vernon St., Springfield, Mass., for failure to file the required report of financial condition for the year 1959. Roberts consented to the revocation order.

**G. M. PETERSON CLEARED FOR EMPLOYMENT.** In a decision announced today (Release 34-6450), the SEC granted an application of Delago Securities Company, Inc., of Chicago, for its continuance in membership in the National Association of Securities Dealers, Inc., with George M. Peterson as vice-president, treasurer and a director. In 1942, the Commission revoked the broker-dealer registration of Polk-Peterson Corporation, of which Peterson was an officer and director. Subsequently, the Commission approved Peterson's employment as a registered representative in a supervised capacity. Recently, the Commission permitted the broker-dealer registration of Delago Securities with Peterson in his present capacities, basing the decision on the length of time since Peterson's former misconduct and his subsequent favorable record while employed in the securities business over a period of about twelve years. The same considerations applied to the granting of the present application.

**SABER BOATS ET AL HEARING POSTPONED.** On request of counsel for Saber Boats, Inc., formerly of Accokeek, Md., the SEC has authorized a postponement from January 16 to February 20, of the hearing on the question whether to vacate or make permanent a prior order suspending a Regulation A exemption from Securities Act registration with respect to a stock offering by Saber Boats. A like postponement has been authorized of the hearing in proceedings to determine whether to revoke the broker-dealer registrations of Batten & Co., Inc., and Mutual Funds of America, Inc., both of Washington, D. C. Postponement of the hearings was authorized in order to permit additional time for pre-trial conferences between counsel.

**CORTEZ LIFE INSURANCE PROPOSES OFFERING.** The Cortez Life Insurance Company, 304 Main St., Grand Junction, Colo., filed a registration statement (File 2-17464) with the SEC on January 12, 1961, seeking registration of 500,000 shares of common stock, to be offered for public sale at \$3 per share. The company will attempt to sell the shares, reserving 15% of the total proceeds for salesmen's commissions. An additional 350,000 shares included in the registration statement are reserved for issuance upon exercise of options to be issued to directors and advisory board members, the exercise price being \$3 per share.

The company was organized in August 1959 and in June 1960 received a license from the Insurance Commissioner of Colorado to engage in the business of writing life insurance, annuity policies, and re-insurance. Proceeds of the stock sale will be applied to the company's business, particularly the writing of life insurance.

The company now has outstanding 90,855 common shares. The prospectus lists C. C. McAfee as board chairman and Charles T. Dolan as president. Officers, directors and advisory board members own 9.32% of the outstanding stock.

OVER

**SIXTEEN SENTENCED IN FRAUD CAUSE.** The U. S. Attorney (Conn.) and the SEC announced January 11th (LR-1883) that, in an action before Judge Robert P. Anderson (USDC, Conn.), sixteen defendants who previously had entered pleas of guilty or nolo contendere to fraud charges in the sale of shares of Atlas Gypsum Corp., Ltd., through J. C. Graye Co. had received sentences ranging from eight years to 60 days as to seven defendants, and were either fined or placed on probation as to the other defendants. Stanley Ira Younger was sentenced to eight years' imprisonment, commencing at the termination of a 3½-year sentence recently received in another case. James C. Graye was sentenced to three years' imprisonment. Others receiving imprisonment sentences were Michael Ackman, Robert Amer, and Alvin Galpren. Eugene Genise, Melvin Holtz, James Kanter, Edward Holtz, David Mandel and Joseph Rosen received suspended sentences and were placed on probation and Kanter was also fined \$700. Hugh A. Lopez and Henry R. Orloff received one-year sentences which were to be suspended after they serve 60 days when they would be placed on probation. Max Ingberand Martin Holtzberg were fined \$1,000 and Holtzberg placed on probation. Sentencing deferred until January 18th as to Arthur Tortorello, Louis Michael DeFilippo and Fred William Fuchshuber Hesse, and until January 23d as to George Mahler. Carmine Lombardoizzi, Murray Taylor and James H. Taylor filed motions to change their pleas from nolo contendere and guilty to not guilty. The court granted Lombardoizzi's motion and continued the Taylors' motions to January 16th.

**D. EARLE HENSLEY CO. ENJOINED.** The SEC Seattle Regional Office announced January 9th (LR-1884) entry of a Federal court order (USDC WD Wash.,) permanently enjoining D. Earle Hensley Co., Inc. and David Earle Hensley from violating the anti-fraud and other provisions of the Federal securities laws in the sale of stock of the corporate defendant.

**MILWAUKEE GAS LIGHT PROPOSES FINANCING.** Milwaukee Gas Light Company, Milwaukee, Wisc., has joined with its parent, American Natural Gas Company, in the filing of a financing proposal for the subsidiary; and the Commission has issued an order (Release 35-14351) giving interested persons until January 30, 1961, to request a hearing thereon. Under the proposal, Milwaukee Gas Light will issue and sell an additional 416,667 shares of its common stock to the parent for \$5,000,004 in cash; and it will also issue and sell to banks, from time to time during 1961, up to \$20,000,000 of promissory notes maturing June 1, 1962. Proceeds of the sale of the stock and notes will be used to finance in part the subsidiary's construction program for 1961 and early 1962.

**CENTER INC. PROPOSES BORROWING.** The Center, Inc., Minneapolis, Minn., has applied to the SEC for an exemption order under the Investment Company Act permitting borrowings from Investors Syndicate of America, Inc.; and the Commission has issued an order (Release 40-3176) giving interested persons until January 26, 1961, to request a hearing thereon.

Center which was recently organized to acquire and develop certain properties in Minneapolis, is wholly owned by Baker Properties, Inc. Baker Properties operates and owns or controls various business properties principally in Minneapolis and will act as agent of Center in managing and operating its properties. Center is in the process of acquiring interests, principally long-term leasehold interests, in an entire block in downtown Minneapolis. It proposes to demolish all of the present improvements on such property, except an office building which will be completely modernized, and to construct an integrated set of buildings thereon. Arrangements have already been entered into for the lease of about 77% of the total office space, 63% of the total commercial space and 85% of the total storage space.

Total cash requirements for acquiring and developing the properties will be \$24,850,000. The funds will be raised in part through the sale of \$1,000,000 of stock; and the balance will be provided in part through three construction mortgage loans aggregating \$20,000,000 to be made by Investors Syndicate. All the outstanding stock of Investors Syndicate is owned by Investors Diversified Service, Inc. Because of certain intercompany relationships, Center is an affiliate of an affiliate of IDS which controls Investors Syndicate.

**EFFECTIVE SECURITIES ACT REGISTRATIONS:** January 13: School Pictures, Inc. (File 2-17134); Cove Vitamin & Pharmaceutical, Inc. (File 2-17143); Bowl-Mor Company, Inc. (File 2-17225); Sterling Drug Inc. - Incentive Stock Option Plan (File 2-17267). Registrations withdrawn, January 13: Country Club Corporation of America (File 2-16538); Industrial Control Products, Inc. (File 2-17265).

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