

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 8, 1958

SEC DEFERS ORDER ON NORTH STAR OIL

In a decision announced today, the SEC gave North Star Oil & Uranium Corporation of Hamilton, N. Y., 30 days within which to submit documentary evidence supporting its title to certain mining claims, failing which the Commission would order the permanent suspension of a Regulation A exemption from registration under the Securities Act of 1933 with respect to a stock offering by that company.

Pursuant to a Regulation A notification filed October 23, 1953, North Star proposed the public offering of 600,000 shares of stock at 50¢ per share (of which all but 50,000 shares were sold). Part of the proceeds thereof were to be used to exercise options held by a subsidiary on 39 mining claims in Canada and to explore and develop such claims. Subsequently, a revised offering circular dated September 10, 1954, was filed which stated that the subsidiary had exercised options on and acquired 39 of the mining claims located in the Lake Athabaska area of Canada, consisting of 21 claims known as the Stan claims, nine named the Eileen group and nine known as the GB group. The Commission thereafter ordered the temporary suspension of the exemption from registration, charging that the company's offering circular contained false or misleading statements regarding the ownership of certain mining claims and the work done with respect to such claims. On request of the company, a hearing was held.

According to the Commission's decision, abstracts of Saskatchewan records showed that the Stan claims had lapsed on May 9, 1954 and the Eileen claims on September 7, 1954, apparently for failure to perform the required work thereon. The company, however, produced evidence showing that upon the lapse of the Stan claims it arranged and paid for the re-staking of such claims and that such claims were restaked under new names and transferred to it prior to September 10, 1954. Accordingly, the Commission ruled that the evidence did not show an absence of ownership by the company on September 10, 1954.

No such evidence was produced, however, with respect to the Eileen claims, and North Star did not explain its failure to produce such evidence which would normally be available to it if it had arranged for and effected re-staking of the Eileen claims. A company witness, who produced the documentary evidence with respect to the re-staking of the Stan claims, stated that subsequent to September 10, 1954, he had made an investigation which satisfied him that the abstracts of title and the transfers of title, followed by the re-staking of the claims, showed that North Star or its subsidiary had good title as of September 10, 1954. The evidence is not clear, however, that he meant to include more than the 21 Stan claims as to which he had produced evidence of title.

Lacking such evidence, the Commission stated, North Star had not met the burden of proof that all the claims had been reinstated or re-staked. "In the absence of such proof," the Commission said, "we must find that the revised offering circular was materially false and misleading in stating that respondent owned such claims and that the temporary suspension of the exemption ... should be made permanent." However, "in order to preclude the possibility of unfairness to respondent," the Commission concluded, "we shall withhold the entry of an order for a period of 30 days to afford respondent an opportunity to submit documentary evidence of re-staking of the Eileen claims similar to that presented with respect to the Stan claims. If such documents are submitted within such period, we shall enter an order vacating the suspension order, if not we shall make the suspension permanent."

OVER

SEC ORDERS PROCEEDINGS AGAINST FRED KAUFMAN & FREDERICK SECURITIES CORP.

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registrations of the following:

Fred Kaufman, doing business as Fred Kaufman Co., Orange, N. J.

Frederick Securities Corporation, Jersey City, N. J.

A consolidated hearing therein is to be held on August 27, 1958, in the Commission's New York Regional Office.

According to the Commission's orders, Fred Kaufman is the president, a director and the controlling stockholder of Frederick Securities. The orders further assert that Kaufman and Frederick Securities are enjoined by an order of preliminary injunction entered July 29, 1957, in the U. S. District Court for the District of New Jersey, from engaging in and continuing certain conduct and practices in connection with the sale of securities. Furthermore, the Commission asserts, Kaufman and Frederick Securities each failed to file a report of financial condition for the calendar year 1957.

The order of preliminary injunction was issued by the Court on complaint of the Commission which alleged that Kaufman and Frederick Securities were violating the registration requirements of the Securities Act of 1933 in the offering and sale of Ben Franklin Oil and Gas Corporation stock.

CADOR PRODUCTION FILES FOR OFFERING

Cador Production Corporation, Far Hills, N. J., filed a registration statement (File 2-14288) with the SEC on August 7, 1958, seeking registration of 1,003,794 shares of its \$1 par Class A Stock and 150,569 shares of its 60¢ par Class B Stock. The Class A stock is to be offered in exchange for oil and/or gas properties, each subscription thereof representing a firm commitment on the part of the subscriber to deliver to Cador Production merchantable title to a working interest in an oil or gas property and to accept Class A shares in payment thereof. The number of shares would be determined by negotiation as to the fair market value of the property with Cador Production stock being taken at par.

Cador Incorporated will act in the capacity of underwriter of the subscriptions on a "best efforts" basis, serving as agent in locating properties to be acquired. For such services it will receive commissions in an amount equal to 9% of the agreed fair value of the properties purchased; but it may receive payment in Class B stock at the rate of 15 shares of Class B stock for each 100 shares of Class A stock issued for properties.

Cador Production has outstanding 156,206 shares of Class A stock and 46,909 shares of Class B stock. It owns various fractional undivided interests in oil and gas properties located in Oklahoma, Texas and New Mexico, acquired by exchange for all its outstanding Class A stock. The purpose of this offering is to acquire additional properties in exchange for stock. The prospectus lists Charles S. Dewey, Jr., and Allan B. Grady as President and Executive Vice President, respectively. They are also principal officers of the underwriter, and together own 50% of its stock.

PONCE DE LEON TROTTER ASSN. PROPOSES STOCK OFFERING

Ponce de Leon Trotting Association, Inc., Bayard, Fla., filed a registration statement (File 2-14289) with the SEC on August 7, 1958, seeking registration of 400,000 shares of its 1¢ par Common Stock. The stock is to be offered for public sale at \$1.50 per share on a "best efforts" basis by Robert L. Ferman Co. Inc., of Miami, for which it will receive a selling commission of 22¢ per share plus an additional 7½¢ per share for expenses.

The company was organized under Florida law on May 19, 1958. On June 3, 1958, it acquired all the assets and assumed the liabilities of Ponce de Leon Race Way, Inc., which operated a raceway

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midway between Jacksonville and St. Augustine. In consideration of such acquisition, the company issued 1,050,000 shares of its common stock and assumed the predecessor's liabilities aggregating \$236,800. Prior thereto, the company had entered into an agreement with Leo Blank, its president, under which it issued to him 850,000 common shares in consideration of his loaning to the company \$100,000 without interest. The sum of \$100,000 is repayable to Blank only in the event that there is raised from this stock offering more than \$350,000 after payment of all expenses and commissions. The company has a right, exercisable after January 21, 1959, to repurchase for \$1 2-3/7ths shares of the 850,000 shares issued to Blank for each dollar less than \$350,000 net after expenses and commissions obtained from this offering.

Net proceeds of the stock offering are to be used as follows: \$75,000 for payment of current liabilities; \$75,000 for new construction; and \$325,000 for working capital.

MAIRS AND POWER FUND FILES FOR OFFERING

Mairs and Power Fund, Inc., St. Paul, Minn., investment company, today filed a registration statement (File 2-14290) with the SEC seeking registration of 40,000 shares of common stock. The Fund was organized January 1, 1958, and is sponsored and managed by the firm of Mairs and Power, investment counsel. Mairs and Power will serve as investment adviser. Officers and directors of the Fund are George A. Mairs, Jr., George G. Power, Jr., and George A. Mairs, III, who are partners of Mairs and Power. Officers and directors of the Fund now own 1,240 shares of the Fund's stock, or approximately 27.3% of the shares outstanding.

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Keystone Custodian Funds, Inc., Boston investment company, filed an amendment on August 7, 1958 to its registration statement (File 2-10658) seeking registration of 1,250,000 shares of Keystone Tax Exempt Bond Fund.

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