

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.

April 12, 1957

FOR RELEASE

Securities Act Release No. 3776

The Securities and Exchange Commission has issued orders temporarily suspending Regulation A exemptions from registration under the Securities Act of 1933 with respect to public offerings of securities by the following:

Crenco Corporation, Reno, Nevada

Crenco's Regulation A notification, filed September 25, 1953, proposed the public offering of 95,000 common shares at \$1 per share

Epsolon Uranium Corporation, St. George, Utah

The Regulation A notification filed by Epsolon on January 19, 1955, proposed the public offering of 4,277,394 common shares at 2½¢ per share

Desert Queen Uranium Company, Salt Lake City, Utah

In its Regulation A notification, filed January 26, 1955, Desert Queen proposed the public offering of 150,000 shares of its common stock at \$1 per share

Underwriters Factors Corporation, New York City, N. Y.

The Regulation A notification filed by Underwriters Factors on December 7, 1955, proposed the public offering through New York and American Securities Company ("underwriter") of 29,500 shares of 6-3/8% preferred stock at \$10 per share and 2,950 shares of common stock at 1¢ per share

The respective orders provide an opportunity for hearing, upon request, on the question whether the suspensions should be vacated or made permanent.

In its suspension orders, the Commission asserts that each of the four companies failed to comply with the terms and conditions of Regulation A; that the offering circular of each company contains false and misleading representations of material fact; and that the offering and sale of securities by the respective companies by means of such circulars would operate as a fraud and deceit upon the purchasers.

The Commission's order with respect to Crenco asserts that the company failed to file the required semi-annual reports of stock sales and use of the proceeds thereof, and that its offering circular fails to disclose, among other things, a material change in the management of the company which occurred subsequent to the filing of said circular.

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In the case of Epsilon, the order of the Commission asserts that that company's notification failed to state the additional offerings of securities contemplated by the issuer and to include information with respect to unregistered securities of the issuer sold on its behalf within one year; and that its offering circular failed to contain a statement of cash receipts and disbursements, as required, and to disclose the information with respect to the stock holdings of the promoters, management officials and others and their interests in certain contracts and options and in assets proposed to be acquired. Furthermore, according to the order, the offering circular contained information which was false and misleading, particularly with respect to additional offerings of securities contemplated by the issuer, securities of the issuer sold within one year of the filing of the notification, and the financial condition of the issuer.

With respect to Desert Queen, the Commission's order alleges that that company failed to include in its notification information with respect to unregistered securities sold on its behalf and on behalf of its affiliates; failed to state in the offering circular the direct and indirect holdings of securities of the issuer by officers, directors, promoters and affiliates; and failed to file the required semi-annual reports of stock sales and use of the proceeds thereof. Furthermore, the order asserts that the offering circular fails to disclose (1) what action, if any, was taken with respect to an option to purchase certain mining claims described in the circular (the option period having expired); and (2) that the underwriter named in the offering circular has ceased to do business and withdrawn its broker-dealer registration with the Commission.

Similarly, in the case of Underwriters Factors, the Commission's order asserts that that company employed certain written communications in connection with its offering of securities which were not filed with the Commission, as required, that its notification failed to specify each of the jurisdictions in which the securities were to be offered, and that the offering circular fails to disclose the correct address of the issuer. The order further charges that the notification, offering circular and other sales literature contain information which is false and misleading, particularly with respect to the direct and indirect interest of Stephen C. Lamb in the issuer, the underwriter, and the offering; the profits of the issuer; the profitable nature of the factoring business; the dividend record of such businesses; the safety of investments in such businesses; the resistance of such businesses to adverse business conditions; and the comparative position of the issuer with respect to other concerns in the same and similar businesses. Furthermore, according to the order, oral representations were made in connection with the offering of Underwriters Factors securities which were false and misleading, as follows: that the market price of the stock would advance shortly; that the market price of the stock would double in two or three months; that a twenty to thirty per cent increase in value in the first twelve months was assured; that the business was very profitable---no financing or factoring business ever failed; and that the stock should continue to pay good dividends for years to come.

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Securities Exchange Act Release No. 5484

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether to revoke the broker-dealer registration of Marc Sterling & Co., of Carson City, Nevada. The proceedings have been consolidated with similar proceedings involving Sterling Securities Company, Los Angeles, California; and the consolidated hearing is to be held on May 2, 1957, in the Commission's Los Angeles Branch Office.

Sterling & Co.'s broker-dealer registration became effective on December 13, 1956. Marc Sterling is president, a director, and the controlling stockholder both of Sterling & Co. and Sterling Securities.

As in the case of Sterling Securities (see Release No. 5474), the Commission's order asserts that information obtained as a result of an investigation conducted by its staff tends to show that Sterling & Co. engaged in "acts, practices and a course of business which operated as a fraud and deceit upon certain persons," in that, aided and abetted by Marc Sterling, it employed certain devices, schemes and artifices to defraud by means of which it induced certain customers to buy and sell the capital stock of Mio Dio Uranium Corporation (Denver, Colorado). More particularly, the order alleges that in connection with the purchase and sale of Mio Dio stock from and to such customers, Sterling Securities made false and misleading statements with respect to the market for such stock, the market price of the stock, the domination and control of such market by Sterling & Co., that latter's activities in the market, and the activities and plans of officers, directors and promoters of Mio Dio.

At the hearing, inquiry will be conducted for the purpose of determining whether the reported information is true and, if so, whether Sterling & Co. has wilfully violated provisions of the securities laws administered by the Commission and whether it is necessary or appropriate in the public interest to revoke its broker-dealer registration.

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U. S. Semiconductor Products, Inc., Phoenix, Arizona, filed a registration statement (File 2-13246) with the SEC on April 11, 1957, seeking registration of 500,000 shares of its \$1 par Common Stock. The shares are to be offered for public sale on a "best efforts" basis by Herman B. Rothbard, doing business as Jonathan & Co., for which Rothbard will receive a selling commission of 50¢ per share. Rothbard is Board Chairman and Secretary-Treasurer of the issuing company.

Semiconductor Products was organized under Arizona law on February 11, 1957; and it proposes to manufacture and distribute semiconductor products and other types of electronic devices and components. Of the net proceeds of the financing, estimated at \$997,050, the company will apply \$600,000 to the purchase of new materials, and the remaining \$197,050 will be used as working capital.

The company's president and general manager is Friedrich W. Schwarz. He and other management officials are to receive an aggregate of 108,000 shares of

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promotional stock as additional compensation, to be distributed in three equal annual installments.

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Thiokol Chemical Corporation, Trenton, N. J., filed a registration statement (File 2-13247) with the SEC on April 11, 1957, seeking registration of 25,900 shares of its capital stock, reserved for issuance under the company's "Officers' and Employees' Stock Option Plan."

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New York State Electric & Gas Corporation, Ithaca, today filed a registration statement (File 2-13248) with the SEC seeking registration of \$25,000,000 of First Mortgage Bonds, Series due 1987, to be offered for public sale at competitive bidding. Net proceeds of the bond sale will be applied to discharge \$20,435,000 of short term obligations, the proceeds of which to the extent of \$15,441,000 were used in connection with the company's construction program and the balance of which was used for the payment at maturity on September 1, 1956, of \$4,994,000 Elmira Water, Light and Railroad Company bonds. To provide for the construction program through 1957, it is estimated that, in addition to the balance of the proceeds of the bond sale and funds provided from operations, approximately \$8,000,000 will be required from further financing in 1957. Construction expenditures are estimated at \$32,500,000 for 1957 and \$36,200,000 for 1958.

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Phillips-Jones Corporation, New York City, today filed a registration statement (File 2-13249) with the SEC seeking registration of 75,000 shares of its \$1 par Common Stock, to be offered for subscription under the company's Salaried Employees' and Salesmen's Stock Purchase Plan.

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