

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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DENIAL PROCEEDINGS INSTITUTED AGAINST SACKS

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether an application for broker-dealer registration filed by Maxwell M. Sacks, Jericho, New York, should be denied. A hearing for the purpose of taking evidence herein is scheduled for October 28, 1958, in the Commission's New York Regional Office.

Sacks' application for registration was filed September 23, 1958. Under a previous application filed by Maxwell M. Sacks, doing business as Maxwell Brokerage Co., Sacks became registered as a broker-dealer, effective April 5, 1956. However, on June 19, 1958, the Commission revoked this registration upon the basis of a ruling by the Commission that Sacks had wilfully violated Section 17 of the Act and Rule 17 thereunder by reason of his failure to file the required report of financial condition for the year 1956.

Moreover, according to the Commission's order in the current proceedings, Sacks failed to answer Item 6 in his new application; and he also stated in answer to Item 8(c) thereof that he had not been found by the Commission to have violated any provision of the Securities Exchange Act of 1934 or any rule or regulation thereunder, when, in fact, he had been found by the Commission in its June 1958 decision to have violated the said Section 17 and Rule 17.

CONSOLIDATED FOODS FILES FOR SECONDARY

Consolidated Foods Corporation, Chicago, filed a registration statement (File 2-14447) with the SEC on October 23, 1958, seeking registration of 111,489 outstanding shares of its Common Stock, to be offered for public sale by the holders thereof through Kuhn, Loeb & Co. and A. C. Allyn and Co., Inc. The public offering price and underwriting terms are to be supplied by amendment.

The company has outstanding 2,688,195 common shares. Charles W. Lubin, a director and vice president, is proposing the sale of 58,100 out of his holdings of 112,699 shares; Jack Kollman and his wife, 2,000 of 4,281 shares held; Arthur N. Gordon, 24,900 of 36,927 shares held; and Nathan Cummings, board chairman, 26,489 of 353,299 shares held. Kollman is executive vice president of Consolidated's subsidiary, Kitchens of Sara Lee, Inc., a Maryland corporation; and Gordon was formerly a stockholder of Kitchens of Sara Lee, Inc., a Delaware Corporation.

DELISTING PROCEEDINGS INSTITUTED AGAINST AMBROSIA MINERALS

The Securities and Exchange Commission today announced the institution of proceedings under the Securities Exchange Act of 1934 to determine whether to suspend or withdraw the listing and registration on the San Francisco Mining Exchange of the 10¢ par common stock of Ambrosia Minerals, Inc., of Phoenix, Arizona. A hearing for the purpose of taking evidence therein is scheduled for December 1, 1958, in the Commission's San Francisco Regional Office.

In its order for hearing, the Commission challenges the accuracy of the company's Form 10 registration application, filed May 11, 1956, its Form 10-K report for the year ended June 30, 1957, and certain Form 8-K current reports.

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More particularly, the Commission charges that the Form 10 application falsely stated that Ambrosia Minerals has no parents, when in fact George A. Mellen, acting as an individual or in concert with others, was at such time a parent of the company, and that it falsely reported that certain sales of Ambrosia Minerals stock were exempt from the registration requirements under the Securities Act of 1933, whereas in fact such sales were subject to such registration requirements.

Moreover, according to the order, the company's Form 8-K report for June 1956 falsely reported that Mellen had become a parent of Ambrosia Minerals between the date of filing the Form 10 application and its effective date, June 10, 1956; and several Form 8-K current reports filed in 1956 and 1957 falsely reported that various sales of Ambrosia Minerals stock were exempt from the registration requirements of the Securities Act, whereas in fact said sales were subject to such registration requirements.

With respect to the Form 10-K annual report for the year ended June 30, 1957, the Commission's order charges that the financial statements included therein are false and misleading, with particular reference to (a) the inclusion in the income statement of \$545,000 reported as profit on sales of mining and ore properties to Messrs. Mellen and Paul E. McDaniel, who were controlling stockholders at the time, which profits were computed upon the basis of sales prices which were not based upon values of the properties sold but were based upon amounts to provide support for the payment of cash dividends; (b) the inclusion in the income statements of \$270,000 representing the receipt of 900,000 shares of U. S. Consolidated Mines, Inc., valued on the books at 30 cents each, received as part consideration for a contract to perform services incident to exploring and developing certain ore properties of that company, which consideration was reflected in income without charging these against the costs of exploring and developing the aforesaid properties, and which income was recorded to support the distribution of 381,873 of the aforesaid shares as a dividend; (c) the earned surplus account on the balance sheet which reflects therein the false and misleading profits described above; and (d) the failure to disclose in the financial statements the sources from which there were paid the cash dividends and the dividend in stock of the U. S. Consolidated Mines, Inc.

(NOTE: Copies also distributed by SEC San Francisco Regional Office.)

REVOCATION PROCEEDINGS INSTITUTED AGAINST LEDERER CO.

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of J. H. Lederer Co., Inc., 56 Beaver St., New York City, should be revoked and whether the company should be suspended or expelled from membership in the National Association of Securities Dealers, Inc.

The Commission's order charges that Lederer Co. and Joseph Herbert Lederer, its president, in the offering and sale of Continental Mining Exploration Ltd. stock, "engaged in transactions, practices, and a course of business which would and did operate as a fraud and deceit upon the purchasers" in violation of the anti-fraud provisions of the Federal Securities Laws. It is further charged that the stock was sold in violation of the registration requirements of the Securities Act of 1933.

More particularly, the Commission asserts that, in the offering and sale of Continental stock, Lederer Co. and Lederer made false and misleading statements of material facts and omitted to state material facts concerning (1) the dividend to be paid by Continental; (2) the future price of the stock of Continental; (3) the financial condition of Continental; (4) the length of time Lederer & Co. has been doing business as a broker-dealer; (5) Lederer's connection with the management of Continental; and (6) the registration of said securities of Continental with this Commission.

A hearing will be held, on a date later to be specified, for the purpose of taking evidence with respect to the foregoing.

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PACIFIC TELEPHONE FILES FINANCING PROPOSAL

The Pacific Telephone and Telegraph Company, San Francisco, today filed registration statements (Files 2-14448 and 2-14449) with the SEC seeking registration of \$80,000,000 of Thirty-Two Year Debentures due November 1, 1990 and 1,594,604 shares of common stock.

The debentures are to be offered for public sale at competitive bidding. The common shares are to be offered for subscription at \$100 per share by holders of outstanding common and preferred stock, in the ratio of one share of common for each eight shares (common and/or preferred) held on the record date (to be supplied by amendment). No underwriting of the common stock offering is involved. American Telephone and Telegraph Company, which owns of record and beneficially 10,790,943 shares (90.40%) of the outstanding common and 640,957 shares (78.17%) of the outstanding preferred has informed Pacific Telephone that it intends to subscribe for 1,428,987 shares which represent its pro rata portion of the offering.

Upon receipt of the proceeds of the sale of the debentures, the issuing company will apply an equivalent amount toward the repayment of advances from A T & T, which are expected to approximate \$210,000,000 at the time the proceeds are received. Following the sale of the debentures the company expects to obtain additional advances from A T & T; and, upon receipt of the proceeds from the sale of the common shares, the company will apply an equivalent amount toward the repayment of advances from A T & T, which are expected then to approximate \$182,000,000. Advances from A T & T are obtained for property additions and improvements and for general corporate purposes.

KERN COUNTY LAND CO. PROPOSES OFFERING

Kern County Land Company, San Francisco, today filed a registration statement (File 2-4450) with the SEC seeking registration of \$100,000 of Interests of Members in its Employee Investment and Profit-Sharing Plan, together with 4,000 shares of common stock, being the estimated maximum number of presently outstanding shares which may be purchased under the Plan. Memberships in the Plan are to be offered to eligible employees of Kern County Land Company, Kern County Canal and Water Company, Victorio Land and Cattle Company, and Boquillas Cattle Company.

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