

# 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 December 22, 1958

## Statistical Release No. 1575

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended December 19, 1958, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1958, is as follows:

	1939 = 100		Percent Change	1958	
	12/19/58	12/12/58		High	Low
Composite	397.2*	390.6	+1.7	397.2	299.0
Manufacturing	492.7*	489.4	+0.7	492.7	373.3
Durable Goods	454.9*	450.0	+1.1	454.9	332.2
Non-Durable Goods	517.9	516.2	+0.3	519.7	402.2
Transportation	329.2	328.5	+0.2	332.2	219.7
Utility	205.7*	193.2	+6.5	205.7	155.5
Trade, Finance & Service	380.7*	372.1	+2.3	380.7	263.2
Mining	340.5	337.8	+0.8	347.2	261.3

\*New High

### REVOCATION PROCEEDINGS INSTITUTED AGAINST FIRST MAINE CORP.

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 First Maine Corporation, Portland, Maine, or to suspend or expel the company from membership in the National Association of Securities Dealers, Inc.

According to the order, First Maine became registered as a broker-dealer on August 6, 1957. Burton M. Cross is listed as president, treasurer, a director, and owner of 10% or more of the outstanding equity securities of the company; and Herbert L. Rackliff as the beneficial owner, directly or indirectly, of 10% or more of such securities. The order also states that on March 28, 1958, Life Insurance Securities Corporation (LISCO), also of Portland, filed a registration statement under the Securities Act of 1933 with respect to a proposed public offering of 1,000,000 shares of its capital stock at \$5 per share. Cross is listed as president and Rackliff vice-president of that company and First Maine as the underwriter of the proposed stock offering. The registration statement has not become effective.

In its order the Commission asserts that information developed in an investigation conducted by its Staff tends to show (A) that on or about February 9, 1958, First Maine, Cross and Rackliff offered LISCO stock for public sale when no registration statement had been filed as to such securities; and (B) that during the period March 28, 1958, to date, they distributed written circulars and communications which constitute prospectuses relating to the LISCO stock and which do not meet the prospectus requirements of Section 10 of the Securities Act. Further according to the order, these circulars contained false and misleading statements of material facts concerning, among other things, the investment and diversification of investment of funds of LISCO; the advise and counsel in insurance matters to be rendered by LISCO to other

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insurance companies; the size and nature of the selling group for the offering of LISCO stock; the experience and background in insurance matters and operations of the principal officers of LISCO; the comparison of the possible growth and success of LISCO with that of established insurance companies; and the development and operations of LISCO.

This information, if true, tends to show that First Maine, Cross and Rackliff violated the registration and prospectus requirements of the Securities Act and that they "employed a device, scheme and artifice to defraud and engaged in practices and a course of business which would operate as a fraud and deceit upon purchasers" of LISCO stock, the order charges.

A hearing for the purpose of taking evidence with respect to the foregoing matters will be held at a time and place later to be determined.

#### VEDITZ CO. HEARING TRANSFERRED TO WASHINGTON

At 2:30 P.M. on December 23, 1958, a hearing will be held before the Members of the Securities and Exchange Commission to determine whether it is necessary or appropriate in the public interest or for the protection of investors that the broker-dealer registration of Jean R. Veditz Co., Inc., 160 Broadway, New York, be suspended pending further hearing and final determination whether Veditz Co.'s registration should be revoked.

In an order dated December 10, 1958, authorizing the proceedings (Release No. 34-5832) the Commission asserted that information developed in a staff investigation, if true, tends to show (among other things) that Veditz Co., Jean R. Veditz, and Ben Goldstein violated the registration and anti-fraud provisions of the Securities Act of 1933 in the offering and sale of Universal Drilling Company, Inc., stock, and that they "engaged in acts, practices and a course of business which would and did operate as a fraud and deceit" upon purchasers of the stock.

#### MONARCH RADIO DEFENDANTS SENTENCED

In the Monarch Radio and Television Corp. prosecution on charges of Securities Act fraud, defendants Monarch Radio and George J. Martin were found guilty after trial. Prior to trial Vincent S. Acunto pleaded guilty. Defendants Julius Rivman and Irving Shayne were acquitted and the case was dismissed against Arthur Rose, Alex Diamond, Charles Greenhaus and Harry V. Greene. Acunto was sentenced to serve 60 days and pay a \$1000 fine. Martin was sentenced to serve a prison term of 1 year and 1 day and to pay a fine of \$1000, and Monarch Radio and Television Corporation was fined \$10, which was remitted. (Lit. Release No. 1381).

#### TWO NEW COMPLAINTS FILED IN SALE OF GENERAL OIL STOCK

The SEC New York Regional Office announced December 16, 1958, that two additional complaints had been filed (USDC, SDNY) charging violations of the Securities Act registration and anti-fraud provisions in sale of General Oil & Industries, Inc., stock by (1) Sidney B. Josephson and Stanley Brown, of New York (Release 1379) and (2) Sidney B. Josephson, Phoenix Securities Corp., both of New York, together with Ely Batkin, Jacob Yaffe, Lillian R. Berg, and Natalie Sommerfield (Release 1380).

#### EMPIRE EXPLORATION STOCK OFFERING SUSPENDED

The Securities and Exchange Commission 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 Empire Exploration Ltd., Inc., of Gooding, Idaho. The order provides an

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opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration under the Securities Act for public offerings of securities not exceeding \$300,000 in amount. In a notification filed with the Commission on June 2, 1954, Empire Exploration proposed the public offering of 200,000 common shares at \$1 per share pursuant to such an exemption. The Commission's suspension order asserts that the terms and conditions of Regulation A have not been complied with; that the company's offering circular is false and misleading in respect of certain material facts; and that the stock offering would be made in such manner as to operate as a fraud and deceit upon purchasers.

The false and misleading information referred to in the Commission's order relates to the status of the company's right, title and interest in its mining properties; current financial information concerning the company, including information concerning cash receipts and disbursements; and information concerning the exploratory and development work performed by the company on the tracts and mining claims held and the results thereof. Non-compliance with Regulation A involved the use of certain sales material which was not filed with the Commission and the failure to file semi-annual reports of stock sales and the use to which the proceeds were applied.

#### HEARING GRANTED ON UNIVERSAL FUEL SUSPENSION

The Commission has granted a request for a hearing on the question whether to vacate, or make permanent, its prior order temporarily suspending a Regulation A exemption from registration under the Securities Act with respect to a stock offering by Universal Fuel and Chemical Corporation, of Farrell, Penna. The hearing will be held on February 2, 1959, in the Commission's Washington Regional Office, 310 - 6th St., N. W.

In a Regulation A notification filed May 17, 1956, Universal Fuel proposed the public offering of 300,000 common shares at \$1 per share. The offering was temporarily suspended by a Commission order of November 13, 1958, by reason of the fact that Universal Fuel's offering circular appeared to contain false and misleading statements of material facts and its use in the offering and sale of the common shares operated as a fraud and deceit upon the purchasers thereof. Moreover, according to the order, the offering, taken together with securities of an affiliate sold within one year in violation of the registration requirements of the Securities Act, exceeded the \$300,000 limitation of Regulation A. (For further details, see Release No. 3994).

#### HOME OWNERS LIFE INS. CO. FILES FOR RIGHTS OFFERING

Home Owners Life Insurance Company, Fort Lauderdale, Fla., filed a registration statement (File 2-14620) with the SEC on December 19, 1958, seeking registration of 153,840 shares of Common Stock. The company proposes to offer each holder of its presently outstanding 307,679 common shares the right to subscribe for one additional share for each two shares held. The record date, subscription price and underwriting terms are to be supplied by amendment. H. Hentz & Co. of New York is listed as the principal underwriter.

The company was formed in 1955 and is engaged in the credit life and ordinary life insurance business. Net proceeds of the sale of the additional common shares will be added to the company's general funds to permit it to continue to expand its business further into the States it is licensed to do business. The new funds should enable the company to absorb acquisition costs resulting from any increase in new ordinary life insurance business and the types of insurance contracts issued, according to the prospectus.

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## CHAMPION PAPER PROPOSES DEBENTURE OFFERING

The Champion Paper and Fibre Company, Hamilton, O., filed a registration statement (File 2-14621) with the SEC on December 19, 1958, seeking registration of \$20,036,400 of Convertible Subordinate Debentures due January 15, 1984. The company proposes to offer the debenture for subscription by holders of its common stock at the rate of \$100 of debentures for each 22 shares held of record January 14, 1959. The interest rate, subscription price and underwriting terms are to be supplied by amendment. Goldman, Sachs & Co. is listed as the principal underwriter.

Net proceeds of the sale of the debentures will be used to repay \$12,000,000 of outstanding bank loans which were incurred subsequent to September 30, 1958, to repay short-term notes payable to banks and in connection with the company's capital expenditures. The remainder of the proceeds will be added to the general funds of the company and will be available for general corporate purposes, including additional working capital and future capital expenditure

Among the major capital expenditure projects which have been authorized by the Board of Directors are the investment in a company now erecting a pulp mill in Brazil; the completion of a new paper machine at Canton, North Carolina; the construction of a new general office building at Hamilton, Ohio; and the rebuilding and improvement of existing pulp and paper production facilities. It is anticipated that capital expenditures will aggregate approximately \$50,000,000 for the two fiscal years ending March 31, 1960, of which approximately \$10,000,000 had been expended at September 30, 1958. It is expected that substantially all of the funds so required will be provided from the net proceeds from the sale of the Debentures and from future operations of the company.

## JACKSON'S MINIT MARKETS PROPOSES STOCK OFFERING

Jackson's Minit Markets, Inc., 5113 Fairmont St., Jacksonville, Fla., filed a registration statement (File 2-14619) with the SEC on December 19, 1958, seeking registration of 250,000 shares of Common Stock, to be offered for public sale at \$3 per share with a 30¢ per share commission to the underwriters, headed by Pierce, Carrison, Wulberg, Inc., Courts & Co., and The Johnson, Lane, Space Corporation.

The registration statement also includes an additional 53,000 common shares, of which 33,000 shares are subject to sale under stock purchase options granted and to be granted to company officials and employees and 20,000 shares are subject to sale under a warrant sold on December 11, 1958, to Pierce, Carrison, Wulberg, Inc., for 5¢ per warrant share, or a total of \$1,000. The warrant, which expires December 11, 1968, entitles the holder to purchase the stock upon payment of \$3.50 per share, plus an amount for each of said shares equal to the bid price per share in excess of \$6.55 per share on the date of exercise of the warrant.

The company was organized under Florida laws on December 5, 1958. It has not yet commenced business, but proposes to operate a chain of small (in relation to supermarkets), conveniently located, rapid service, combination grocery and sundry stores. It expects to have its first store open for business about February 1, 1959. Locations for stores have been acquired and contracts for the construction of store buildings to be leased to the company have been let by the company's president, Julian E. Jackson, for ownership by him or assignment or sale to other investors, in Daytona Beach (2), New Smyrna Beach and Sanford, in Florida. Jackson is said to have made offers to purchase (under similar arrangements) locations for construction of ten other stores in Florida.

The company does not plan to initially own any of its stores, although it may do so in the future. It expects that its stores will be owned by others, and leased to the company. The company may acquire property and may construct stores prior to their sale to others and

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their lease-back by the company. The president has agreed that he will build and lease to the company its first five or six stores; and the company expects that other investors will also own and lease stores to it. Net proceeds of the sale of the common shares will be added to the company's general funds for use in the acquisition of land and in the construction of its stores prior to their sale to others and their lease-back by the company, for the equipping and stocking of its stores, and for general operating purposes.

The company's principal stockholders are Jackson (33,334 shares, or 39.2%), Merton E. Sear (15,000, or 17.6%), and Samuel W. Wolfson (15,000, or 17.6%), purchased for cash at \$3 per share. Jackson has an option to acquire an additional 25,000 shares at \$3.50 per share, exercisable on or before December 10, 1963.

#### COMBUSTION ENGINEERING FILES FOR EXCHANGE OFFER

Combustion Engineering, Inc., 200 Madison Ave., New York, filed a registration statement (File 2-14622) with the SEC on December 19, 1958, seeking registration of 64,011 shares of its Capital Stock. These shares are to be offered in exchange for 81,002 shares of the outstanding common stock and for 2,131 shares of the outstanding \$100 par preferred stock of General Nuclear Engineering Corporation, at the rate of seven shares and 3.4302 shares of Combustion Engineering stock for each ten shares of common stock and each share of preferred stock, respectively, of General Nuclear Engineering (of Dunedin, Fla.).

The purpose of the exchange offer is the acquisition by Combustion Engineering of General Nuclear Engineering, which is engaged in rendering design, engineering, advisory, research and development services in the field of atomic energy.

#### ASTRODYNE-PHILLIPS PETROLEUM STOCK PLAN FILED

Astrodyne, Inc., of McGregor, Texas, has joined with Phillips Petroleum Company, of Bartlesville, Okla., in the filing with the SEC on December 19, 1958, of a registration statement (File 2-14623) seeking registration of \$1,800,000 of Participations in the Employee Savings Plan to be offered to eligible employees of Astrodyne, Inc., and its subsidiaries, together with 385,027 shares of Phillips Petroleum common stock which may be purchased pursuant to the plan. Astrodyne stock is owned 50% each by Phillips Petroleum and North American Aviation, Inc. of Los Angeles.

#### KAISER INDUSTRIES FILES FOR SECONDARY

Kaiser Industries Corporation, Kaiser Bldg., 1924 Broadway, Oakland, Calif., today filed a registration statement (File 2-14624) with the SEC seeking registration of 500,000 shares of its Common Stock. The stock is to be offered for public sale by the present holders thereof through an underwriting group headed by The First Boston Corporation, Dean Witter & Co. and Carl L. Loeb, Rhoades & Co. The initial offering price will be related to the current market for the stock on the American Stock Exchange at the time of the offering. The company will not receive any part of the proceeds.

According to the prospectus, of the 500,000 shares 473,300 shares are owned by certain former Henry J. Kaiser Company stockholders who acquired them through exchange in March 1956, and the remaining shares are owned by a former stockholder of J. A. McEachern Investment Co. which was merged into Kaiser Industries on May 28, 1957. After the sale of the shares, the former stockholders of Henry J. Kaiser Company, including those not participating in the sale, will continue to own 18,049,753 shares (78.87%) of the outstanding common shares.

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## SOUTHERN CALIFORNIA WATER FILES FINANCING PROPOSAL

Southern California Water Company, 11911 South Vermont Ave., Los Angeles, today filed a registration statement (File 2-14625) with the SEC seeking registration of \$2,000,000 of Convertible Subordinated Debentures, due January 1, 1979, to be offered for public sale through an underwriting group headed by Dean Witter & Co. and Smith, Polian & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The registration statement also includes 120,000 shares of Southern California Water common stock, \$5 par. Of this stock, 43,800 shares are issuable on conversion of \$730,000 of outstanding 4 $\frac{1}{2}$ % Convertible Subordinated Notes, due February 1, 1976, which the underwriters have agreed to purchase from the holders thereof. These notes will be converted into common shares forthwith upon the consummation of the sale thereof to the underwriters. No part of the net proceeds of such sale will be received by the company. The additional 76,200 shares are issuable on conversion of the \$1,270,000 remaining principal amount of notes.

Net proceeds to the company from its sale of the debentures will be used in part to retire short term bank loans (estimated not to exceed \$1,900,000) incurred in connection with the temporary financing of the company's continuing construction program. The balance of the proceeds will become treasury funds and will be available for use in carrying on this program. The company estimates that expenditures for property additions and betterments will aggregate some \$3,069,000 for the 13 months ending December 31, 1959.

## CONSENT JUDGMENT ENJOINS DEFENDANTS IN BEN FRANKLIN OIL CASE

The SEC New York Regional Office announced December 17, 1958, that a permanent injunction had been issued by the USDC, NJ, enjoining Ben Franklin Oil & Gas Corporation, Frederick Securities Corporation, Fred Kaufman, Paterson Development Corporation, Alex Freeman, and Joseph R. Fleming from further violations of the Securities Act registration requirements in the offer and sale of common stock of Ben Franklin Oil & Gas (Lit. Release 1382).

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