

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 November 14, 1956

Securities Exchange Act Release No. 5398

The Securities and Exchange Commission today announced that it had permitted effectiveness of an application filed by Anglo-American Securities, Inc., New York City, for broker-dealer registration under the Securities Exchange Act of 1934, and that it had dismissed proceedings on the question whether such application should be denied.

Anglo-American's broker-dealer application, filed September 25, 1956, disclosed that Arnold D. Naidich was one of its directors and its controlling stockholder. The Commission's order of October 23, 1956, instituting the denial proceedings raised the question whether Naidich had wilfully violated Sections 5 and 17 of the Securities Act of 1933 and whether it is in the public interest to deny registration.

By an amendment to its application filed October 29, 1956, Anglo-American represented that Naidich is no longer connected with the company in any capacity whatever. In view thereof, the Commission concluded that the public interest does not require continuance of the proceedings and permitted Anglo-American's registration as a broker-dealer to become effective.

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Eastern Industries, Incorporated, Hamden, Conn., filed a registration statement (File 2-12902) with the SEC on November 13, 1956, seeking registration of 125,000 shares of Cumulative Convertible Preferred Stock, 1956 Series (\$10 par). The company proposes to offer the shares for public sale at \$10 per share through an underwriting group headed by Blair & Co., Inc., and Winslow, Cohe & Stetson. The underwriting terms are to be supplied by amendment.

Net proceeds of the sale of the stock, plus \$750,000 of borrowings from State Mutual Life Assurance Company of Worcester, will be used to finance, in whole or in part, the construction of additional facilities and to augment the company's working capital to enable it to finance the increase in its inventories, work in process and receivables resulting from the expansion of its business. Expansion of the company's Hamden plant, at an estimated cost of \$450,000, is expected to be commenced within 6 months. It is also contemplated that construction of additional plant space at Norwalk, Conn., will have to be undertaken within the next 18 months, but the extent and probable cost thereof have not yet been determined.

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U. S. Industries, Inc., New York City, filed a registration statement (File 12903) with the SEC on November 13, 1956, seeking registration of \$6,000,000 of

Convertible Subordinated Debentures due December 1, 1971. The debentures are to be offered for public sale through an underwriting group headed by Lehman Brothers. The public offering price, underwriting terms and interest rate are to be supplied by amendment.

The company, operating through divisions and subsidiaries, is presently engaged in manufacturing and distributing a varied line of products, the majority of which have a common basis in the metal fabricating field. Net proceeds of the sale of the debentures will be added to the general funds of the company and will be used for general corporate purposes, including expansion and improvement of plants and facilities and additional working capital required because of the growth of its business.

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Flakewood Corporation, San Francisco, today filed a registration statement (File 2-12904) with the SEC seeking registration of 100,000 shares of its \$10 par Common Stock. The company proposes to offer the shares for public sale at \$10 per share, primarily through its officers and agents. However, some of the shares may be sold through licensed brokers and dealers, who will receive a selling commission of \$2 per share.

Flakewood was organized under California law on April 13, 1956. It is not now engaged in business and intends to enter into the business of the manufacture and sale of wood particle board. It has entered into a contract with Molalla Forest Products Company of Cloverdale, California, for the obtaining of a location upon which to construct its manufacturing plant. The promoters are Robert T. Evju, President, Evju Products Company, Columbia Engineering Company and Tadini Bacigalupi, Jr. Columbia is controlled by M. D. Macdonald and Peter Vajda, vice presidents of Flakewood. Common shares will be issued to the promoters on the basis of one share of promoters' stock to be issued for each five shares of stock issued by the company for cash or for services, except that no promoters' shares will be issued in connection with the sale of stock upon which a \$2 per share commission is paid to brokers or dealers. Macdonald and Vajda reside in Corvallis, Oregon.

The company intends to use the proceeds of the stock sale for the purpose of construction of its manufacturing plant and to provide working capital. The company anticipates that the cost of purchase and installation of machinery and construction of buildings, and preparing the plant for operation, will be approximately \$850,000, and that approximately \$150,000 will be available as working capital.

Securities Exchange Act Release No. 5399

The Securities and Exchange Commission today announced the issuance of two orders under Section 19(a) (4) of the Securities Exchange Act of 1934 summarily suspending trading in the capital stock of Great Sweet Grass Oils Limited and of Kroy Oils Limited, respectively, on the American Stock Exchange for a period of ten days from November 15, 1956 to November 24, 1956, inclusive, and that such action is necessary and appropriate for the protection of investors and to prevent fraudulent, deceptive or manipulative acts or practices. The summary suspension orders heretofore entered on November 2, 1956 against trading in the two stocks expire today. The result of these new order

that it will continue to be unlawful under Section 15(c)(2) of the Securities Exchange Act of 1934 and the Commission's Rule X-15C2-2 thereunder for any broker or dealer to make use of the mails or any means or instrumentality of interstate commerce to effect any transaction in, or to induce or attempt to induce the purchase or sale of, such securities otherwise than on a national securities exchange.

The Commission's action was taken because the questions raised in the Commission's orders and notices of hearings under Section 19(a)(2) of the Act as to alleged false statements in reports filed by both companies with the Commission have not been resolved. Counsel representing both companies has requested a postponement of the hearings previously scheduled for November 13, 1956 and November 20, 1956, respectively, and the Commission granted such postponement to November 26, 1956 in order to permit counsel to prepare for the hearing. The Commission also ordered the hearings in the two cases consolidated in order to expedite a final determination.

Under these conditions, the Commission is of the opinion that it would be impossible for the investing public to reach an informed judgment at this time as to the value of the companies' securities, or for trading in such securities to be conducted in an orderly and equitable manner.

In light of the foregoing and other factors, the Commission is of the opinion that the public interest requires the summary suspension of trading in such securities on the American Stock Exchange and that such action is necessary and appropriate for the protection of investors and is necessary in order to prevent fraudulent, deceptive or manipulative acts or practices under the Act.

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Statement to the Press

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Chairman J. Sinclair Armstrong of the Securities and Exchange Commission today announced that the Commission has ordered a non-public fact-finding investigation into alleged payments aggregating \$35,000 by Union Electric Company, St. Louis, Missouri, to an attorney ^{Illinois} of ~~Springfield, Illinois~~, in order to determine whether any such payments were violative of the Public Utility Holding Company Act of 1935, particularly Section 12(b) thereof, and Commission rules thereunder; whether any such payments have been properly recorded on the books and records of Union Electric; and whether financial statements published by Union Electric and filed with the Commission correctly account for such payments.

To AP, UP - IMS
St. Louis Post-Dispatch - in relation
" - Globe - Democrat - W. C. Miller