

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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BERRY & COMPANY REGISTRATION REVOKED. The SEC today announced a decision (Release 34-6349) revoking the broker-dealer registration of Berry & Company, 240 West Front St., Plainfield, N. J., because of violations of the anti-fraud provisions of the Federal securities laws in connection with the offer and sale of Great Western Oil & Gas Company stock in 1958.

The company and Robert K. Berry, its president and sole stockholder, consented to entry of the order, which also expelled the company from the National Association of Securities Dealers, Inc., and found Berry a cause of the revocation and expulsion order.

According to the Commission's decision, during May to December 1958 the company under Berry's direction engaged in an intensive campaign to sell stock of Great Western, which had been organized in 1953 and engaged in the business of drilling for and producing oil and gas. The campaign included the distribution of literature and the use of the long distance telephone, and the stock was sold in various states, including Ohio, New Jersey, Pennsylvania, New York and West Virginia, at prices ranging from 25¢ to 65¢ per share, by means of false and misleading representations of material facts. Purchasers were urged through repeated telephone calls and sales literature to make additional purchases; and on occasion the company sought to induce the customer to sell other securities he held and use the proceeds to purchase additional Great Western stock. In at least two instances, after the customers had been urged to purchase more of such stock the company sent to the customers what purported to be confirmations of sales although the customers had not authorized the transactions.

In connection with the offer and sale of Great Western stock, it was represented that Great Western was then making a profit and was expected to make a profit during 1958. Other optimistic representations of Great Western's prospects and progress were made to customers, including representations regarding future substantial increases in the price of the stock. Thus, customers purchasing the stock at 25¢ to 65¢ per share were told that the shares would be selling at \$2 to \$3 a share in six to eight weeks, and that the price would go to about \$1, \$2, \$3 or \$5 per share in about a year. These representations were untrue and misleading, in view of the fact that Great Western, as shown by financial statements included in an October 1958 news bulletin of the company, incurred a net loss of \$7,506 in its operations for the fiscal year ending April 30, 1958, and a net loss of \$718 for the four months ending August 31, 1958, and as of August 31, 1958 had an earned surplus deficit of \$522,604. These facts were not disclosed to customers at the time they were solicited or induced to purchase stock.

ADDITIONAL VIOLATIONS CHARGED TO BILTMORE SECURITIES. The SEC has authorized a postponement from August 22 to August 30, 1960, of the hearing in proceedings under the Securities Exchange Act of 1934 to determine whether Biltmore Securities Corp., 160 Broadway, New York City, defrauded investors in the offer and sale of Shelton Warren Oil Co., Inc., stock and, if so, whether its broker-dealer registration should be revoked. The hearing will be held in the Commission's New York Regional Office.

At the same time, the Commission amended its hearing order to charge that Biltmore Securities, Wilbur Buff, its president and controlling stockholder, and Samuel Goldberg, general manager, made false and misleading representations in connection with their offer and sale of Universal Fuel and Chemical Corporation stock during the period February 1 to August 11, 1960. The alleged misrepresentations related to the future price of the Universal stock, dividends to be paid thereon, the amount of Universal stock available, and the listing of the stock on an exchange; and the Commission charged that, in the offer and sale of Universal stock by means thereof the company, Buff and Goldberg "engaged in acts, practices and a course of business which operated as a fraud and deceit" upon the purchasers.

AJAX MAGNETHERMIC FILES FOR OFFERING AND SECONDARY. Ajax Magnethermic Corporation, 3990 Simon Road, Youngstown, Ohio, filed a registration statement (File 2-16922) with the SEC on August 17, 1960, seeking registration of 150,000 shares of common stock, of which 50,000 shares are to be offered for the account of the company and 100,000 shares, being outstanding stock, by the present holders thereof. Hayden, Stone & Co. is listed as the principal underwriter. The public offering price and underwriting terms are to be supplied by amendment. The selling shareholders have sold to a corporation substantially owned by partners of Hayden & Stone & Co. and members of their families, 5-year option warrants for the purchase of 10,000 additional shares at a price per share equal to the public offering price.

OVER

For further details, call Worth 3-5526

Organized in 1948 as Magnethermic Corporation, the company changed to its present name in May, 1959 in connection with its acquisition of all the assets (except cash items, investments and receivables) of Ajax Electrothermic Corp. and Ajax Engineering Corp. of Trenton, N. J. Ajax Magnethermic produces a complete line of induction heating and melting equipment. Of the net proceeds from the sale of the new stock, \$300,000 will be added to the company's working capital, and the remainder will be used for general corporate purposes, including modernization of the research and manufacturing facilities of its new Trenton division.

In addition to certain indebtedness, the company has outstanding 498,000 shares of common stock, of which John A. Logan, president, and Bruce E. McArthur, senior vice-president, own 50% each and propose to sell 50,000 shares each.

CROWN PHOTO FILES FOR OFFERING. Crown Photo, Inc., 3132 M Street, N. W., Washington, D. C. filed a registration statement (File 2-16923) with the SEC on August 17, 1960, seeking registration of 100,000 shares of common stock, to be offered for public sale at \$8.00 per share. Johnston, Lemon & Co., the underwriter, will receive a 64¢ per share commission. The company is also registering 10,000 shares to be offered to its employees at \$7.36 per share, no underwriting being involved.

The company and its subsidiaries are engaged principally in the business of processing and printing (including enlarging) black and white and color photographic film. They also engage in the wholesale distribution and the retail sale of photographic equipment and supplies, and the wholesale distribution of greeting cards, gift wrappings and stationary. Of the estimated \$793,600 net proceeds from the stock sale, \$190,000 will be used in payment of bank loans, and \$136,000 in payment of loans made by various officials of the company. Of such loans, \$40,000 was borrowed from a bank in July 1960 for the purpose of redeeming the company's first preferred stock, and the balance was borrowed to provide working capital for business needs. Approximately \$250,000 of the net proceeds will be used to expand the existing production facilities and to establish facilities for the processing of Kodachrome film. Remaining net proceeds will be added to working capital.

In addition to indebtedness, the company has outstanding 257,048 shares of common stock. The prospectus lists George S. Cullen as board chairman and president, and James J. Sullivan as senior vice president. Management officials as a group own 88.84% of the outstanding common stock.

DETROITER MOBILE HOMES FILES FOR OFFERING. Detroit Mobile Homes, Inc., 1517 Virginia Street, St. Louis, filed a registration statement (File 2-16924) with the SEC on August 17, 1960, seeking registration of 250,000 shares of common stock, to be offered for public sale through a group of underwriters headed by Hornblower & Weeks. The public offering price and underwriting terms are to be supplied by amendment. Melvin J. Hutchinson, president and principal stockholder, will sell to Hornblower & Weeks for \$50,000, 5-year option warrants to purchase from him 50,000 shares of stock at a price per share equal to the public offering price of the company's stock.

Organized in 1953 as Mel Hutchinson Enterprises, Inc., the company changed to its present name in June, 1960, shortly after its acquisition of substantially all the assets of Detroit Coach Co. Its principal business is the manufacture and sale of mobile homes. Of the net proceeds from the stock sale, \$1,000,000 will be invested in the capital stock of the company's wholly owned financing subsidiary, Mobile Home and Finance Company, and the balance will be added to the company's general funds in order to maintain larger inventories and accounts receivable.

In addition to certain indebtedness, the company has outstanding 883,500 shares of common stock, of which, Hutchinson owns 61.5% and management officials an aggregate of 83.2%.

HOLIDAY MINES HEARING SCHEDULED. At the request of Holiday Mines, Inc., of Bremerton, Wash., the SEC has scheduled a hearing for September 19, 1960, on the question whether to vacate, or make permanent, a Commission order of June 30, 1960, temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to a public offering of stock by Holiday Mines pursuant to a notification filed with the Commission on December 31, 1958.

The suspension order asserted that Holiday Mines failed to comply with the terms and conditions of Regulation A by reason of its failure to cooperate with the Commission in connection with its stock offering and refusal to respond to letters with respect to modifications of its offering circular. The hearing will be held in the Offices of the United States Attorney, U. S. Courthouse and Post Office Building, Sacramento, California.

MORRIS BLUMBERG ENJOINED. The SEC New York Regional Office announced August 16th (LR 1756) the entry of a Federal court order (USDC SDNY) permanently enjoining Morris Blumberg from further violations of the anti-fraud and anti-manipulative provisions of the Federal securities laws in connection with his transactions in the stock of Irving Air Chute Co., Inc. Blumberg consented to the judgment.

CANADIAN RESTRICTED LIST. The SEC has added Canol Metal Mines Ltd. and Western Allenbee Oil and Gas Co. Ltd. to its Canadian Restricted List, which now comprises the names of 220 Canadian companies whose securities recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.