

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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LLOYD, MILLER & CO. REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7340) revoking the broker-dealer registration of Lloyd, Miller and Company, of 550 Fifth Ave., New York (formerly 1411 Pennsylvania Ave., N.W., Washington, D. C.), for violations of the Securities Act registration and anti-fraud provisions in the 1960-61 offer and sale of Class A stock of American International Savings and Loan Association, Inc. The firm's registration was suspended by Commission order of August 15, 1962. Howard Mallek, president and principal stockholder, Norman Brown, secretary-treasurer, Thomas B. Allen, a director, and Robert Ela and Joseph St. Peter, salesmen were each found to be a cause of such revocation.

According to the decision, the Lloyd, Miller firm and Mallek made false and misleading statements in a prospectus, sales brochures, and a newspaper advertisement, and through the salesmen over the telephone concerning the investment quality, listing, future price increases, availability, source, and split of the stock, the price paid by registrant for such stock, use of the proceeds, future dividends, the business and operations of American International, business offices to be opened and the purchase of other companies by the issuer, and its merger with other savings and loan associations and a bank. The firm was enjoined from selling the Class A stock by an October 1961 Federal court order. The other four individuals also were found to have made misrepresentations as to the investment quality of the stock and/or an anticipated rise in the market price thereof; and all sold the stock at excessive mark-ups. As of December 1960, American International had no earnings and had only \$5,300 in deposits and \$55,000 cash obtained from the sale of stock, and only two mortgages had been placed by the company. No dividend was paid to stockholders. A large number of shares sold by registrant were acquired from insiders, and many shares were available for purchase.

KAISER INDUSTRIES SEEKS ORDER. Kaiser Industries Corporation, 300 Lakeside Dr., Oakland, Calif., applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-3992) giving interested persons until June 29 to request a hearing thereon. According to the application, upon the merger of Henry J. Kaiser into Kaiser Industries, the latter will be primarily engaged in business other than that of investing, reinvesting, owning, holding or trading in securities.

CONN. YANKEE ATOMIC POWER ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15088) approving fees and expenses incurred by Connecticut Yankee Atomic Power Company (a public utility subsidiary of New England Electric System) and eight of its sponsors in connection with the sale and acquisition of Conn. Yankee's initial common stock. The Commission also approved servicing arrangements between Conn. Yankee and three of its affiliated companies.

DATAMARK PROPOSES RIGHTS OFFERING. Datamark, Inc., 2000 Shames Dr., Westbury, Long Island, N. Y., filed a registration statement (File 2-22502) with the SEC on June 10 seeking registration of 60,000 shares of common stock, to be offered to its common stockholders at a rate to be supplied by amendment. The subscription price (\$15 per share maximum*) and record date are also to be furnished by amendment. No underwriting is involved.

Organized in 1963 under New York law, the company is engaged in the manufacture of a proprietary line of medium and high-speed printers and related electronic and electro-mechanical data-processing equipment. Of the net proceeds from its stock sale, approximately \$37,000 will be applied to the purchase of additional capital equipment; \$150,000 to overhead and direct labor; \$75,000 to purchase component parts; and the remainder to working capital and other corporate purposes. In addition to indebtedness, the company has outstanding 67,228 shares of common stock, of which management officials as a group own approximately 31% (14,457 shares were purchased by company officials at the organization of the company for \$.01 per share and 6,305 shares were purchased for \$5 per share in a 1963 public offering). Carl I. Wassermann is president.

COUNTRY SET FILES FOR SECONDARY. Country Set, Inc., 1520 Washington Ave., St. Louis, Mo., filed a registration statement (File 2-22504) with the SEC on June 10 seeking registration of 100,000 outstanding shares of common stock. The present holders thereof propose to make a public offering of the stock through an underwriting group headed by Goodbody & Co., 2 Broadway, New York. The public offering price (\$15 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the design, manufacture and distribution of moderately priced sports and casual wear for girls and women. In addition to indebtedness, it has outstanding 501,150 shares of common stock. The prospectus lists five selling stockholders as follows: Mannie Cutler (treasurer), offering 25,000 of his holding of 84,840 common shares; Sol Geller (vice president), 25,000 of 84,535 shares held; Richard A. Strauss (president), 25,000 of 86,440 shares held; Stanley H. Sokol (vice president), 15,000 of 50,265 shares held; and Margit Strauss (vice president), 10,000 of 31,320 shares held. Upon completion of the offering, aggregate holdings by the selling stockholders will be reduced from 67.3% to 47.37% of the outstanding common stock.

OVER

PRIVATE AIR TRAVEL PROPOSES OFFERING. Private Air Travel, Inc., 900 Market St., Wilmington, Del., filed a registration statement (File 2-22503) with the SEC on June 8 seeking registration of 300,000 shares of common stock. The stock is to be offered for public sale at \$8.75 per share through company officials, who will receive a selling commission of 7½%.

Organized in 1961 under Delaware laws, the company intends to provide air transportation service on a contract basis. The company has not yet engaged in operation, nor does it have any contracts with customers for air transportation service or for the purchase or lease of aircraft. Net proceeds from its stock sale will be used to acquire office space and furniture and to defray other miscellaneous expenses in starting the company's operations. The company has outstanding 382,500 shares of common stock, acquired by Earl E. Kearns (board chairman and president) and David S. Gifford (vice president) for \$11,000. If all 300,000 shares are sold, public stockholders will have paid \$2,625,000 for 44% of the company's equity and voting power, as contrasted with the \$11,000 paid by Kearns and Gifford for a 56% interest. Stock so acquired by the public at a cost of \$8.75 per share would have a book value immediately after the sale of \$3.57 (representing a dilution of \$5.18).

McKAY MACHINE PROPOSES RIGHTS OFFERING. The McKay Machine Company, 3805 Henricks Rd., Youngstown, Ohio, filed a registration statement (File 2-22506) with the SEC on June 11 seeking registration of 36,140 shares of common stock, to be offered to its common stockholders at the rate of one new share for each five shares held. The subscription price (\$50 per share maximum*) and record date are to be supplied by amendment. The Wean Engineering Company, Inc., the company's largest shareholder, has agreed to acquire any shares not purchased pursuant to the subscription offer.

The company designs, builds and sells diversified lines of special equipment, many of them automated, for the handling and processing of metals, principally ferrous. Of the net proceeds from its stock sale, approximately \$1,000,000 will be used during 1964 for the purchase of additional machine tools and equipment and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 180,697 shares of common stock, of which management officials as a group own 26.5% and Wean Engineering 20.7%. R. J. Wean, Sr., is board chairman and A. J. Wardle, Jr., is president.

SEC JOINS COAST INVESTORS PROCEEDING. The SEC has entered the proceedings under Chapter X of the Bankruptcy Act for the reorganization of Coast Investors, Inc., pending in the U. S. District Court in Seattle. The Court appointed Robert A. Banks as Trustee. Coast investors has engaged primarily in the business of making investments in income producing real estate and real estate mortgages. Since its inception in 1958, it has raised money from the public by the sale of unsecured debt securities, termed "investment certificates." According to the balance sheet attached to the Chapter XI petition, the assets at "fair market value" as at February 29, 1964, totalled \$3,067,000, including real estate valued at \$1,476,000 and mortgages of \$1,373,000. Liabilities totalled \$3,446,000, including investment certificates payable aggregating over \$1,500,000 (held by approximately 463 public investors) and \$1,733,000 contracts payable. In June 1963, seventy percent of the common stock of the Debtor was transferred (without consideration) to the present management by the Debtor's past president, who had pleaded guilty to criminal charges brought by the State of Washington for the misappropriation of funds of the Debtor. (CR-216)

LISA B. STRONG ON PROBATION. The SEC San Francisco Regional Office announced June 9 (LR-2960) that, following her plea of guilty to one count of indictment charging violations of the Securities Act registration provisions, Lisa B. Strong was placed on probation for two years on condition that she not engage in any business which involves the promotion, offering and sale of investment securities or similar promotional activities. A fraud count was dismissed by the court.

KORMEL AND ITS PRESIDENT SENTENCED. The SEC San Francisco Regional Office announced June 8 (LR-2961) that Kormel Inc. received a \$1,000 fine imposed by the U. S. District Court in Reno, Nevada, which had adjudged Kormel and its president, R. L. Knight, in criminal contempt of a prior court order temporarily restraining their violations of the Securities Act anti-fraud provisions. Sentencing of Knight was suspended and he was placed on probation for three years.

SECURITIES ACT REGISTRATIONS. Effective June 11: Colonial Corporation of America (File 2-22412); Consolidated Edison Company of New York, Inc. (File 2-22457). Effective June 12: The Lubrizol Corp. (File 2-22423).

CONTINUED

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the June 2 News Digest.

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*As estimated for purposes of computing the registration fee.