

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



Washington 25, D.C.

A brief summary of financial proposals filed with and actions by the S.E.C.

FOR RELEASE October 28, 1957

Statistical Release No. 1490

The SEC Index of Stock Prices, based on the closing prices of 265 common stocks for the week ended October 25, 1957, for the composite and by major industry groups compared with the preceding week and with the highs and lows for 1957, is as follows:

	<u>(1939 = 100)</u>		Percent <u>Change</u>	<u>1957</u>	
	<u>10/25/57</u>	<u>10/18/57</u>		<u>High</u>	<u>Low</u>
Composite	301.6	299.4	+ 0.7	365.0	299.4
Manufacturing	383.0	378.2	+ 1.3	472.5	378.2
Durable Goods	352.4	347.9	+ 1.3	438.7	347.9
Non-Durable Goods	411.1	406.1	+ 1.2	503.5	406.1
Transportation	232.8*	234.4	- 0.7	317.5	232.8
Utility	146.1*	148.0	- 1.3	163.5	146.1
Trade, Finance & Service	260.4	259.6	+ 0.3	292.1	259.6
Mining	286.2	285.6	+ 0.2	402.3	285.6

* New Low

GOLD SEAL DAIRY PRODUCTS PROPOSES STOCK OFFERING

Gold Seal Dairy Products Corp., Elizabeth, N. J., filed a registration statement (File 2-13711) with the SEC on October 25, 1957, seeking registration of 175,000 shares of Class A stock. The Class A shares are to be offered for public sale at an initial offering price related to the then current market price for outstanding Class A shares. Amos Treat & Co., Inc., heads the underwriting group, which will acquire the shares on an all or none basis, and at a 10% discount from the initial public offering price. The underwriters will reserve 15,000 Class A shares for sale to employees of Gold Seal, its subsidiaries and employees of Kulka Electric Corp. and Kulka Electric Manufacturing Co. Inc., at the offering price less 50¢ per share; and as to each of these shares sold to employees the underwriters will waive 50¢ of their commission. The underwriter's representative also is entitled to purchase 15,000 Class B shares at 10¢ per share. These shares are convertible into Class A shares on January 1, 1959.

Gold Seal and its subsidiaries are engaged in the purchase, processing and distribution of milk, ice cream, cream, butter and skimmed milk products, operating in the Metropolitan New York area and in the New York State, New Jersey and Connecticut Areas. The purpose of this stock offering is to finance the acquisition of the two Kulka companies from William and Eugene R. Kulka, the owners of both

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companies. Kulka Electric manufactures various types of slim-line lamp holders, rapid start lamp holders and fluorescent lamp holders for the lighting fixture, sign and outdoor lighting industries. The purchase price for its stock is 50,000 shares of Gold Seal stock.

As a subsidiary of Gold Seal, Kulka Electric will thereupon acquire all of the outstanding stock of Kulka Electric Manufacturing Co., Inc., from the Kulkas for the sum of \$3,178,000. Of this amount, \$60,000 has already been paid by Gold Seal and \$790,000 is to be paid in cash upon purchase of the Class A shares by the underwriter. The balance is payable in promissory notes of Kulka Electric, guaranteed by Gold Seal, of which \$950,000 of notes will be payable on January 15, 1958, and the remainder on April 1 of 1958 through 1964. Gold Seal will meet the payments required to be made by January 15, 1958, as follows: (a) \$60,000 already paid; (b) \$1,060,000 the estimated net proceeds of this financing; (c) \$552,000 by the use of cash out of the present cash funds of Kulka; and (d) \$128,000 by surrender for cash of annuity policies which are part of the assets acquired from Kulka.

Kulka Electric Manufacturing is a manufacturer of various lines of electrical wiring devices. Gold Seal intends to liquidate it and transfer its assets and business to Kulka Electric. The latter has entered into agreements with the Kulka brothers whereby they are to continue as its active management for a period terminating December 31, 1961, at salaries of \$60,000 per year each.

DOCTORS' MOTELS FILES FOR STOCK OFFERING

Doctors' Motels, Inc., Kansas City, Kansas, filed a registration statement (File 2-13712) with the SEC on October 25, 1957, seeking registration of 500,000 shares of its \$15 par Common Stock. Of these shares, 426,497 shares are to be offered for public sale at \$15 per share, subject to prior pre-emptive rights of present stockholders. No underwriting is involved.

A maximum of 39,568 shares are to be offered in exchange for \$432,055 outstanding 6% debentures, plus interest, on the basis of 22 shares for each \$250 face amount of debentures, plus 1 share for each \$15 of accrued interest to September 30, 1957. Except for \$3,000 face amount, these debentures are said to be held by persons presently holding common stock of the company, in exact proportion to their common stock holdings. An additional 3,085 shares are to be issued as a stock dividend to the holders of the presently outstanding 30,850 common shares, which are also included in the registration statement. Under the exchange offer, a debenture holder will have an opportunity, according to the prospectus, "to receive a share of common stock of the company in exchange for property which he originally purchased for \$11.37 while the public is required to pay \$15.00 per share." The prospectus also notes that, out of the 247 holders of the 30,850 outstanding shares, offered by the company in reliance upon the intra-state exemption from registration under the Securities Act, some 15 were non-residents of Kansas who came to the company's offices and offered to buy the securities. Such a sale vitiated the exemption; and the Commission on June 27, 1957, filed a suit in the Federal Court in Kansas City to enjoin the further sale of common stock and debentures of Doctors' Motels, Inc., without prior registration.

Organized in July, 1954, the company proposes to construct and operate a chain of luxury type highway hotels to be located along principal existing or proposed limited-access highways at convenient access points. The first motel, in St. Petersburg, Fla., was completed in March, 1957; and the site for a second motel has been purchased in Kansas City, Mo., on which the company plans to construct a 100-room motel in 1958. Present plans of the company for the year 1958 are said

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call for the acquisition of more sites and, if possible, the beginning of construction of motels thereon. One is said to be in or near Kansas City, another near Washington, D. C., a third in or near Houston, Texas, and another in or near Wichita, Ka.

Proceeds received by the company from shares offered for public sale will be used for company expenses and for the construction and operation of motels, of the so-called luxury type. More particularly, \$39,360 is to be used for the repayment of bank loans; \$40,750 for costs of registration; \$500,000 as reimbursement of company funds for selling and promotion expenses; \$1,000,000 for financing of subsidiaries in the erection and equipping of the Kansas City motel; and \$4,817,345 to finance subsidiaries in the search for and acquisition of additional sites, and the construction and operation of ten additional motels.

The prospectus lists Joe M. O'ffill of Kansas City, Kansas, as president and one of thirteen directors, mostly from Kansas. They hold in the aggregate 3,350 common shares and \$49,250 of the debentures.

FINE ARTS ACCEPTANCE FILES FINANCING PROPOSAL

Fine Arts Acceptance Corporation, Philadelphia, filed a registration statement (File 2-13713) with the SEC on October 25, 1957, seeking registration of \$525,000 of 6½% Subordinated Sinking Fund Debentures (with non-detachable Common Stock Purchase Warrants), due November 1, 1977. The company proposes to offer the debentures (with warrants) for public sale at 95% of principal amount. The offering is to be made through Woodcock, Hess, Moyer & Co., Inc., Boenning & Co., Suplee, Yeatman, Mosley & Co., Inc., and Paul & Lynch, underwriters, who will receive a 7.5% commission. The company has also agreed to sell the underwriters, for \$80, warrants to buy 8,000 common shares at \$10 per share.

The company was organized in 1954 "to develop an organization geared to the special needs of purchasing and collecting on consumer receivables in the direct-to-the-home sales field. Although it intends to broaden out its activities over the years, until now its sole business has been purchasing and collecting on consumer receivables purchased from Fine Arts Sterling Silver Company, of Philadelphia. Net proceeds of this financing will be added to the general funds of the company and will be applied to the purchase of additional installment sales contracts. Any excess of cash not so immediately required may temporarily be used to reduce bank loans. President of the company is Winfield C. Cook, one of its promoters.

INTERNATIONAL MINERALS & CHEMICAL FILES FOR EMPLOYEE STOCK SALE

International Minerals & Chemical Corporation, Chicago, filed a registration statement (File 2-13714) with the SEC on October 25, 1957, seeking registration of 227,520 shares of its \$5 par Common Stock, reserved for issuance on exercise of options granted and to be granted pursuant to its employee stock option plans.

SEC BARS UNAUTHORIZED SOLICITATION OF UNION ELECTRIC STOCKHOLDERS

The SEC has issued an order (see Holding Company Act Release No. 13575) under the Holding Company Act prohibiting Union Electric Company, St. Louis, Mo., J. Raymond Over, and all other persons from soliciting proxies from Union Electric stockholders to be voted at the 1958 annual stockholders meeting of that company, except pursuant

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to a declaration filed with the Commission pursuant to Section 12(e) of the Act and Rule U-62 thereunder which has been permitted to become or ordered effective by the Commission.

The action followed the filing with the Commission by Dyer, pursuant to Regulation X-14 (the SEC proxy rules) under the Securities Exchange Act of 1934, of preliminary solicitation material which he intended to send to Union Electric's security holders and an indication by Dyer that he intended to continue to engage in a proxy contest with Union and in furtherance of this purpose periodically to send proxy solicitation material to Union Electric stockholders.

FIRST MISSISSIPPI SEEKS INVESTMENT COMPANY ACT EXEMPTION

First Mississippi Corporation, Jackson, Miss., has applied to the SEC for an order declaring that it is not an investment company; and the Commission has issued an order (Investment Company Act Release No. 2619) giving interested persons until November 11, 1957, to request a hearing thereon.

Applicant is now engaged in a public offering of common stock from which net proceeds of \$3,800,000 will be realized if all shares are sold. According to its application, the company plans to develop a number of industrial, business and commercial enterprises including, but not confined to, chemicals, water transportation, real estate development and general industrial development. The first is expected to be the development of an industrial sales program for chemicals, including sulphuric acid, phosphoric acid and fertilizer compounds. The right to acquire these chemicals will be obtained through the purchase of stock, accompanied by preferred patronage rights, to be issued by Coastal Chemical Corporation, a Mississippi corporation. Coastal is controlled by Mississippi Chemical Corporation. Applicant intends to invest \$1,000,000 in stock and preferred patronage rights being offered by Coastal, \$515,000 for facilities for packaging and processing materials and products obtained from Coastal, \$600,000 in water transportation in connection with the operation of Coastal, and \$500,000 in exploration, surveys, working capital and other expenses related to industrial developments which may be pursued by applicant.

KORVETTE FILES FOR EMPLOYEE STOCK OFFERING

E. J. Korvette, Inc., New York, N. Y., filed a registration statement (File 2-13715) with the SEC on October 25, 1957, seeking registration of 70,000 shares of its \$1 par Common Stock now held in its treasury. According to the prospectus, these shares will be available to eligible employees of the company and certain of its subsidiaries. The Employee Stock Participation Plan was established through an agreement with the Retail Clerks Local Union No. 888 (AFL-CIO) "for the purpose of furthering harmonious relationships which exist between the company, the Union and employees represented by the Union, to insure a stable work force for the company, to induce valued employees of the company to remain in its employ and to provide such employees an added incentive to utilize their best efforts in connection with their services to the company."

BATTERY SECURITIES CORP. BROKER-DEALER REGISTRATION REVOKED

The Securities and Exchange Commission today announced the issuance of a decision revoking the broker-dealer registration of Battery Securities Corporation, New York, N. Y., and expelling it from membership in the National Association of Securities Dealers, Inc.

The decision resulted from private proceedings which charged that Battery Securities, Stanley Kligfeld (president) and Leo Raymond (secretary) sold Bonanza Oil and Mine Corporation stock in willful violation of the registration requirements of the Securities Act of 1933 and that Battery Securities and Raymond are permanently enjoined by the United States District Court for the Southern District of New York from further sale of Bonanza stock in violation of such requirement.

According to the Commission's decision, 32,150 shares of Bonanza stock were sold by Raymond through Battery Securities during the period August 16, 1956, to November 20, 1956. The stock had not been registered with the Commission under the Securities Act, as required. In a stipulation of facts and consent to revocation and expulsion, Battery Securities and Raymond admitted that they wilfully violated the registration requirement in the sale of these shares. The court injunction order, issued April 8, 1957, was entered on their consent. In view thereof, the Commission concluded that it was in the public interest and for the protection of investors to revoke the broker-dealer registration of Battery Securities and to expel it from the NASD. Raymond was held to be a cause of such revocation and expulsion.

With respect to Kligfeld, the Commission noted that although he was president and nominally the controlling stockholder, "he relied on Raymond, who was in fact in control of registrant and who had been in the securities business for a number of years, to manage actively registrant and conduct its affairs and he did not participate in or know of the transactions which resulted in registrant's violations. While the fact that Kligfeld was inexperienced and devoted his time principally to his law practice and had no knowledge of registrant's activities under the management of Raymond do not excuse registrant's violations, and we have concluded to revoke registrant's broker-dealer registration and expel it from the NASD, we have taken these factors into consideration and under all the circumstances we do not find Kligfeld to be a cause of our order."

(NOTE: Copies also released in SEC New York Regional Office. For further details see Securities Exchange Act Release No. 5592.)

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