

# 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.

(In ordering full text of Releases from Publications Unit, cite number)

FOR RELEASE April 1, 1959

## SILLS AND CO. REGISTRATION REVOKED

In a decision announced today (Release 34-5919), the SEC revoked the broker-dealer registration of Sills and Company ("Registrant"), 513 Ingraham Building, Miami, Fla., for fraud in the purchase and sale of securities and other violations of the Federal Securities Laws. Robert Bernard Sills, president, was held to have been a "cause" of such revocation. Registrant and Sills stipulated certain of the facts and consented to revocation and the finding against Sills.

"We find, as admitted by registrant and Sills," the Commission stated, "that from January 1 to August 22, 1958, registrant converted to its own use funds of 19 customers amounting to \$28,240 which had been obtained upon the false representation that registrant would use such funds for the purpose of purchasing securities for such customers. During the same period, registrant converted the proceeds of sale of securities entrusted to it by two customers upon the false representation that registrant would sell such securities for the customers and pay the proceeds to them. In addition, during the period from October 31, 1957 to August 6, 1958 registrant, without disclosing the fact that it was insolvent, solicited and accepted monies and securities from customers on the representations that it was solvent and ready and able to execute and fill all orders and meet its obligations as they became due." This conduct, the Commission stated, violated the anti-fraud provisions of the Federal Securities Laws.

Other violations found by the Commission included the failure to comply with its net capital rule and its rules governing the maintenance of proper records, the filing of a false financial statement, and failure to correct information in the company's registration application.

The Commission reserved jurisdiction, pending the development of further evidence, with respect to the question whether Arthur P. Green, an employee, also should be found a "cause" of the order of revocation. Service of the order for proceedings was not made on Green, against whom a warrant for his arrest was issued in Florida and who is now a fugitive.

## GROWERS CONTAINER EXEMPTED FROM REPORTING REQUIREMENTS

The Securities and Exchange Commission has issued an order under the Securities Exchange Act of 1934 granting an application of Growers Container Corporation, Salinas, Calif., for exemption from the requirements of Section 15(d) of that Act for the filing of annual and other periodic reports.

Growers Container undertook to comply with the said reporting requirements in connection with a public offering of stock which was registered with the Commission under the Securities Act of 1933 in March 1954. However, according to its application for exemption, all of its 3,137,422 outstanding shares of capital stock are owned by St. Regis Paper Company, which also owns all outstanding debt of the subsidiary other than short term obligations. Accordingly, the Commission concluded that it was appropriate to relieve Growers Container of the requirement for continued filing of reports.

## EMPLOYEE CONDUCT RULES AMENDED

The SEC has adopted a revision of Rule 3(o) of its Employee Conduct Rules (Release 33-4061) so as to provide: "Any member or employee who is a trustee or other fiduciary or a beneficiary of

For further details, call ST. 3-7600, ext. 5526

OVER

a trust or estate holding securities not exempted by paragraph (n) of Rule 3 shall report the existence and nature of such trust or estate to the Director of Personnel. The transactions of such trust or estate shall be subject to all the provisions of Rule 3 except in situations where the member or employee is solely a beneficiary and has no power to control, and does not in fact control or advise with respect to, the investments of the trust or estate, and except to the extent that the Commission shall otherwise direct in view of the circumstances of the particular case." Rule 3(o) previously had provided that transactions of such trust or estate shall be exempt from the general restrictions on employee transactions in securities, except as otherwise directed by the Commission.

#### DUNHILL EXEMPTION EXTENDED

The SEC has issued an order (Release 40-2854) granting a request of Dunhill International, Inc., of New York City, N. Y., that the period of its exemption from provisions of the Investment Company Act be extended until seven days following disposition by the Commission of Dunhill's application for an order declaring that it is engaged in a business or businesses other than that of an investment company. The filing of said application resulted in providing an automatic exemption for a period of sixty days, or through March 27, 1959.

#### SEC TO PARTICIPATE IN DUROX CORP. REORGANIZATION

The Securities and Exchange Commission has filed a notice of appearance in proceedings under Chapter X of the Bankruptcy Act for the reorganization of U. S. Durox Corporation of Colorado pending in the United States District Court for the District of Colorado.

U. S. Durox filed a voluntary petition for reorganization on February 4, 1959; and Judge Alfred A. Arraj approved the petition on February 9, 1959, and named W. L. Board as Trustee. He also fixed April 2, 1959 as the date for a hearing on objections to the retention of the trustee.

The debtor is engaged in the business of manufacturing and selling building materials, particularly a steam-cured gas concrete described as a cellular, light weight, porous building material manufactured under the name "Durox". Current and long-term liabilities at December 31, 1958 approximated \$411,000, including \$200,000 of mortgage notes due the Small Business Administration. Fixed assets were carried at slightly in excess of \$1,000,000, but have been appraised at nearly \$280,000 less than that figure. Other assets are negligible. The December 31, 1958 balance sheet reflects an earned surplus deficit of \$409,732. Its 630,366 outstanding common shares are more than 2,380 persons.

At the request or with leave of Federal Courts in which such cases are pending, the Commission participates in Chapter X reorganization proceedings involving debtor corporations having a substantial public investor interest. The purpose of such participation is to provide independent, expert advice and assistance to the Court, the trustee for the debtor, and the various interests represented concerning all important phases of the administration of the debtor's affairs pursuant to Chapter X, and particularly with respect to the fairness and feasibility of any plans for reorganization of the debtor corporation submitted for Court approval.

#### GENERAL WATERWORKS FILES FOR EXCHANGE OFFER

General Waterworks Corporation, 3219 Philadelphia Pike, Claymont, Del., filed a registration statement (File 2-14919) with the SEC on March 31, 1959, seeking registration of 16,131 shares of \$5 Voting Preferred Stock, \$100 par, and 66,131 shares of 80¢ Dividend Voting Second Preferred Stock (convertible), \$1 par.

General proposes to offer holders of common and preferred stock of The New Rochelle Water Company the privilege of exchanging their holdings of New Rochelle stock for General preferred. New Rochelle has outstanding 50,000 shares of common stock and 16,131 shares of \$3.50 Cumulative Preferred Stock, \$50 par. General proposes to offer one share of the 80¢ dividend second preferred for each share of New Rochelle common, and one share of its \$5 preferred and one share of the 80¢ dividend second preferred for each share of New Rochelle \$3.50 preferred (including accumulated unpaid dividends from November, 1950).

The exchange offer is conditioned, and will become effective, upon acceptance by New Rochelle shareholders representing at least 80% of the total combined voting power of all classes

CONTINUED

of stock entitled to vote, taking into consideration 3,369 shares of New Rochelle preferred now held general.

#### SIP'N SNAK SHOPPES PROPOSES STOCK OFFERING

Sip'n Snack Shoppes, Inc., 1420 Walnut St., Philadelphia, Pa., filed a registration statement (File 2-14920) with the SEC on March 31, 1959, seeking registration of 200,000 shares of Common Stock, to be offered for public sale on a best efforts basis by Sano & Co., of New York. The offering is to be made at \$2 per share, with a 30¢ selling commission to the underwriter. The company also has agreed to issue the underwriter warrants to purchase 15,000 common shares at the public offering price through 1964 and to pay up to \$13,500 of its expenses. A finder's fee of 2,000 warrants containing similar provisions are to be issued to Edward F. Henderson.

The company is engaged primarily in the operation of snack counters, bars, and refreshment stands in various retail stores and sport and amusement centers, on both a concession and management basis. It was organized March 30, 1959, under Delaware law to acquire all the outstanding stock of Sip'n Snack Shoppes of Pennsylvania, Inc., Sip'n Snack Shoppes of New Jersey, Inc., and Sip'n Snack Shoppes of New York, Inc. Its principal officers and directors and sole stockholders are Sheldon Feldman and Samuel W. Alexander. All of the stock of the three subsidiaries was transferred to the issuing company by Feldman and Alexander in exchange for 150,000 shares of its common stock.

Net proceeds of the public sale of the 200,000 common shares are estimated at \$315,500. They will be applied first to repay a \$30,000 bank loan. Secondly, the proceeds will be applied towards the repayment of a \$49,300 loan owing to A. L. Sainer with interest. Thirdly, \$15,000 each is to be applied to the purchase of equipment and to install counters required in four Indiana locations (Peoria, South Bend, Fort Wayne, and Anderson). The remaining proceeds will be added to working capital to operate these additional locations and will be held in reserve for expansion into additional locations.

#### PENN-TEXAS FILES FOR RIGHTS OFFERING

Penn-Texas Corporation, 745 Fifth Ave., New York, filed a registration statement (File 2-14921) with the SEC on March 31, 1959, seeking registration of 1,500,000 shares of Common Stock. The company proposes to offer the stock for subscription by holders of its outstanding common stock at the rate of one new share for each four shares held. The subscription price and underwriting terms are to be supplied by amendment. Bear, Stearns & Co. is listed as the principal underwriter.

On November 9, 1958, Penn-Texas acquired 297,231 shares of common stock of Fairbanks, Morse & Co. at a cost of \$9,611,392, or \$32.336 per share. The purchase price was financed in part from the proceeds (approximately \$6,698,000) of the sale of 1,488,438 shares of Penn-Texas common and in part from \$3,000,000 of short-term loans. This acquisition increased the company's holdings of Fairbanks Morse stock to 832,081 shares, or approximately 77%. Under terms of an agreement with Canadian Fairbanks-Morse Company Limited, Penn-Texas has agreed to acquire 75,654 additional shares of Fairbanks Morse common now owned by Canadian Fairbanks at \$32 per share.

Of the net proceeds of the public sale of its common stock, Penn-Texas will apply \$2,420,928 to the purchase of the additional stock of Fairbanks Morse. Upon completion of such purchase, it will own 909,055 shares of Fairbanks Morse common, or 84.2% of the outstanding stock. As a result, Penn-Texas will be in a position to include Fairbanks Morse in its consolidated federal income tax return. The balance of the proceeds will be applied to the reduction of short-term loans, of which approximately \$10,465,000 were outstanding on February 28, 1959. The company expects to enter into a bank loan agreement under which it may borrow an aggregate of \$8,000,000 repayable over a period of five years. The proceeds of this loan will be applied to the repayment of the company's short-term debt remaining unpaid, except \$400,000 owed to Jacques Sarlie, and the balance of the loan proceeds will be available for working capital and general corporate purposes.

#### GENERAL TELEPHONE & ELECTRONICS PROPOSES STOCK OFFERING

General Telephone & Electronics Corporation, 260 Madison Ave., New York, filed a registration statement (File 2-14922) with the SEC seeking registration of 800,000 shares of its \$10 par Common Stock. The stock is to be offered for public sale through an underwriting group headed by Paine, Webber, Jackson & Curtis, Stone & Webster Securities Corporation, and Mitchum, Jones & Templeton. The initial public offering price will be a fixed price, related to the then current

OVER

market price of outstanding shares on the New York Stock Exchange. Underwriting commissions are to be supplied by amendment.

The company is a holding company controlling 28 telephone operating companies, Automatic Electric Company, telephone equipment manufacturer, and Automatic Electric International, Inc., with manufacturing subsidiaries in Belgium, Canada and Italy. It also owns other telephone equipment manufacturers, various directory, sales, finance, and service companies and interests in telephone operating companies in Canada, the Philippine Islands, and the Dominican Republic. Sylvania Electric Products, Inc., became a wholly-owned subsidiary on March 5, 1959.

Net proceeds of the stock sale will be added to General's corporate funds. It expects to invest during 1959 some \$43,300,000 in common stocks of its telephone subsidiaries to finance, in part, their construction programs. An unspecified amount (to be supplied by amendment) is to be expended in the acquisition on April 2, 1959, of 70.38% voting control of York Telephone and Telegraph Company, York, Pa. Gross additions to the telephone plants of General's subsidiaries scheduled for 1959 are estimated at \$186,000,000. Some \$71,000,000 will be provided from internal sources and a substantial portion of the remaining \$115,000,000 will be obtained initially through bank loans. The 1959 financing program for the telephone subsidiaries contemplates, in addition to the sale of \$43,300,000 of common stock, the sale outside the System of \$93,700,000 of senior securities of these subsidiaries. The sale of the securities, aggregating \$137,000,000, will provide for the payment of \$71,045,000 of bank loans outstanding at December 31, 1958, and approximately \$65,955,000 of the \$115,000,000 required for the 1959 construction programs. Bank loans covering the balance will be outstanding at the year-end. The 1959 construction program for the manufacturing subsidiaries, to be financed from internal sources, is estimated at \$20,000,000.

#### DeJUR-AMSCO CORP. FILES FOR OFFERING AND SECONDARY

DeJur-Amsco Corporation, 45-01 Northern Blvd., Long Island City, L. I., New York, filed a registration statement (File 2-14923) with the SEC on March 31, 1959, seeking registration of \$1,000,000 of Convertible Subordinated Debentures due 1974, and 225,000 shares of its \$1 par Class A stock. The company proposes to offer the debentures for public sale through a group of underwriters headed by H. M. Byllesby and Company, Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The Class A shares, representing outstanding stock, are to be offered for public sale by the holders thereof, also through the same underwriting group, the offering price and underwriting terms to be supplied by amendment.

The company manufactures and sells photographic and electronic equipment, acts as agent for the sale of multi-contact precision electronic connectors, and distributes office machine equipment. It intends to use the net proceeds of its sale of debentures as follows: to retire a mortgage loan of \$157,500, to retire bank notes of \$500,000, and to provide additional working capital for plant expansion and general corporate purposes.

The company has outstanding 300,000 Class A and 300,000 Class B shares (after the contemplated issuance thereof in April for 900 shares of common stock previously outstanding). The Class A and Class B shares are held in equal amounts by Ralph A. DeJur and Harry DeJur, president and vice president, respectively. Each proposes to offer for public sale 112,500 shares of the Class A stock.

#### MILWAUKEE GAS STOCK SALE CLEARED

The SEC has issued an order under the Holding Company Act (Release 35-13967) authorizing Milwaukee Gas Light Company to issue and sell to its parent, American Natural Gas Company, an additional 583,334 shares of its common stock for a cash consideration of \$7,000,000. Net proceeds of the stock sale will be used by Milwaukee Gas in part to pay off, or reimburse its treasury for funds applied to the payment of, \$3,300,000 of bank notes, and the balance is to be applied toward the cost of its 1959 construction program estimated at \$11,375,000.

#### CONSOLIDATED NATURAL GAS CHARTER AMENDMENT APPROVED

The SEC has issued an order under the Holding Company Act (Release 35-13968) authorizing Consolidated Natural Gas Company, New York holding company, to amend its charter so as to increase its authorized shares of capital stock from 8,500,000 to 9,500,000 (\$10 par) and to provide that

CONTINUED

any authorized and unissued shares may be issued from time to time, upon order of the Board of Directors to finance the acquisition of operating properties or an interest therein, or securities of a public utility or natural gas company, free of any preemptive or preferential right of stockholders to subscribe for any such shares, or they may be offered to stockholders in accordance with their preemptive or preferential rights. Proxy material to be used in the solicitation of stockholder approval thereof also was approved.

Consolidated's financing program for 1959 contemplates that an offering of 821,256 shares of stock will be made to stockholders shortly after the company's annual stockholders meeting, on the basis of one new share for each ten shares held.

#### BILLUPS WESTERN PETROLEUM FILES FINANCING PROPOSAL

Billups Western Petroleum Company, Hammond, La., filed a registration statement (File 2-14924) with the SEC on March 31, 1959, seeking registration of \$5,000,000 of 6% Participating Debentures due May 1, 1984, and 1,000,000 shares of \$1 par Common stock. The company proposes to offer these securities for public sale in units consisting of one \$10 debenture and two common shares and at a price of \$22 per unit (\$10 for the debentures and \$6 per common share). The underwriters are headed by The Johnson, Lane, Space Corporation, who will receive an underwriting commission of \$1.90 per unit. An additional 50,000 common shares are to be offered initially to officers and employees of predecessor companies at \$6 per share and thereafter to the public.

Billups was organized under Delaware law on March 17, 1959. It and its subsidiary companies were organized to acquire substantially all of the business and properties of Billups Petroleum Company, of Hammon, La., and some 39 predecessor companies. The principal underwriter, of which Wiley J. Smith, a director of Billups, is an officer and director, was instrumental in causing the company and the subsidiaries to be incorporated for this purpose. W. L. Billups, company president, C. D. Saunders, executive vice-president, and other Billups and certain of their respective families as stockholders of the predecessor companies, will, upon liquidation thereof and after providing for certain liabilities, participate in the distribution of the cash paid by the company and subsidiaries for the business and assets of the predecessors.

The predecessor companies were engaged in the distribution and sale of gasoline and oil products, automobile accessories, and other retail merchandise in Alabama, Louisiana, Mississippi, Missouri, Tennessee and Texas. The members of the Billups family are disposing of all their gasoline station interests in such states. The company and subsidiaries will acquire from the predecessors substantially all of their business and assets for a consideration consisting of a cash payment (based upon a prescribed formula), the assumption of certain liabilities, and an undertaking to pay the predecessors' accrued Federal and State income taxes. Based upon year-end figures, the cash payment would have been \$18,884,822. The book value of the assets then was \$11,264,541 and the current liabilities to be assumed \$2,998,425 (including accrued taxes of \$1,441,761).

The funds required by the company and the subsidiaries to effect the purchase of the assets of the predecessor companies will be provided by (i) the \$1,485,000 to be realized from an unsecured bank loan in the amount of \$1,500,000, (ii) the \$3,430,000 to be realized from the sale of \$3,500,000 principal amount of 5-7/8% First Mortgage and Collateral Trust Bonds (herein called the "Bonds") and detached Warrants (herein called the "Warrants") evidencing rights to purchase 17,500 shares of Common Stock for ten years at \$4.85 per share, (iii) the \$980,000 to be realized from the sale of 980,000 shares of preferred stock, (iv) the \$10,050,000 to be realized from the sale of the 500,000 (v) the \$270,000 to be realized from the sale of the 50,000 shares of common stock also offered by this prospectus, and (vi) cash to be acquired from the predecessor companies, to the extent of approximately \$2,800,000. To the extent that expenses reduce the net working capital of the company below \$1,500,000, they will be borne by the predecessor companies.

The Billups-Saunders group has agreed to purchase the 980,000 shares of preferred stock at \$1 per share. These shares, which after 1969 (or as soon as \$5 of dividends have been paid upon the common) will become convertible into common shares on a share for share basis, will represent 8.2% of the voting shares of the company. The prospectus lists W. L. Billups of Hammond as president and C. D. Saunders of Greenwood, Miss., as executive vice president.

#### LITHIUM CORP. FILES FOR OFFERING.

Lithium Corporation of America, Inc., Title Insurance Building, Minneapolis, filed a

registration statement (File 2-14925) with the SEC on March 31, 1959, seeking registration of 50,000 shares of its common stock. Of this stock, 22,500 shares are to be issued and sold to the underwriters; and the remaining 18,984 shares were issued and sold to the underwriters in early February 1959. All said shares are to be offered for public sale by the underwriters at the prevailing market price for outstanding shares on the American Stock Exchange at the time of offering. The price to be paid the company by the underwriters for the 22,500 shares is to be supplied by amendment. The underwriters are Bear, Stearns & Co. and John H. Kaplan & Co.

The company is engaged in the production and sale of lithium compounds, lithium metal and its derivatives, and lithium alloys. It owns and operates plants in Bessemer City, N. Car., and St. Louis Park, a Minneapolis suburb. Proceeds to the company for its sale to the underwriters of 22,500 common shares are to be added to working capital. The company has entered into an option agreement with Delaware Midland Corp., the principal shareholder of American Ice, for the purchase of not less than 168,000 and not more than 200,000 shares of American Ice common stock at \$30 per share, such shares representing some 50-60% of the outstanding voting power of American Ice. If the company exercises its option to purchase such stock, it would be necessary to raise additional funds or issue additional securities. American Ice manufactures ice and sells and distributes ice, coal and fuel oil in New York City, Boston, Philadelphia, Baltimore, Atlantic City, and Washington, D. C.

The 18,984 shares are part of 27,984 shares issued to the underwriters in exchange for 13,992 shares of the common stock of United States Cold Storage Corporation (of 125,922 shares outstanding), of Chicago. 9,000 shares were sold in January 1959 to two investment trusts for \$20.50 per share, leaving a present balance of 18,984 shares. The shares of Cold Storage had been purchased by the underwriters from various pension funds and trusts at \$36 per share.

#### PERMACHEM CORP. SEEKS REGISTRATION OF OPTION SHARES

Permachem Corporation, 342 Madison Ave., New York, filed a registration statement (File 2-14926) with the SEC on March 31, 1959, seeking registration of 2,041,331 shares of Class A common stock (10¢ par) and 1,917 shares of Class B common stock (10¢ par). According to the prospectus, the registration covers the transfer of certain shares from their existing holders pursuant to options agreements granted by such holders to their optionees, the transfer of some of such shares pursuant to various sub-options and/or the resale of any or all of shares to the public at prevailing over-the-counter market prices, and the sale of other shares to the public at such prices. The company will receive none of the proceeds. Permachem is engaged in the formulation and sale of products which kill or arrest the growth of various bacteria and fungi. Its plant is located in West Palm Beach, Fla. D. Porter Bibb, Jr., of New York is listed as president. The company has outstanding 3,301,916 Class A and 2,500 Class B shares. A. O. Edwards, of Palm Beach, owns 52.9% of the Class A and 76% of the Class B shares.

#### ATLANTIC RESEARCH PROPOSES STOCK OFFERING

Atlantic Research Corporation, 901 N. Columbus St., Alexandria, Va., filed a registration statement (File 2-14927) with the SEC on March 31, 1959, seeking registration of 110,000 shares of common stock. The company proposes to offer 100,000 shares for public sale through Johnston, Lemon & Company. The public offering price and underwriting terms are to be supplied by amendment. An additional 10,000 shares are to be issued to employees under the company's incentive plan.

Atlantic Research was organized in January 1959 by Arch C. Scurlock, a chemical engineer, and Arthur W. Sloan, an organic chemist, co-founders, who serve as president and executive vice president and are its largest shareholders. It is primarily engaged in research, development, and manufacture in the field of solid-propellant rockets and, in addition, performs work in electronics and electromechanics, chemical engineering and chemistry, optics, and military pyrotechnics and rocket ignition. A growing line of commercial products are said to supplement the otherwise largely cost-plus-fixed-fee business. Net proceeds of the sale of the additional stock will be used by the company in part (approximately half) to curtail existing short-term bank loans obtained to finance past growth and to provide necessary equipment for development, production and testing of solid propellant rockets. The balance will be added to general funds and employed for expansion of laboratories, and solid propellant production facilities and as working capital for anticipated expansion.

The company has outstanding 633,856 common shares, of which 206,600 shares each (32.59%) are held by Scurlock and Sloan.

## PRODUCERS FIRE AND CASUALTY PROPOSES OFFERING

Producers Fire and Casualty Company, 809 West Main St., Mesa, Ariz., filed a registration statement (File 2-14928) with the SEC on March 31, 1959, seeking registration of 400,000 shares of common stock, to be offered for subscription at \$5 per share by holders of stock purchase rights acquired in connection with life insurance policies issued by Dependable Life Insurance Company and to certain agents and brokers of Producers Fire and Casualty. Commissions will be paid company officials in stock of the company in an amount equal to 10% of the total number of shares sold. Proceeds of the stock sale will be used in the ordinary course of the issuer's business.

Producers Fire and Casualty was organized under Arizona law on February 24, 1959. It will engage in the multiple line insurance business. Its parent is Producers Life Insurance Company of Mesa, which owns all but 5 of its 350,000 outstanding shares, acquired at \$1.50 per share. Richard G. Johnson is listed as president. Dependable Life Insurance, another partially owned subsidiary of Producers Life Insurance, proposes to sell policies of term life insurance which contain coupons. The coupons may be paid in cash to the policyholders, applied to the payment of premiums, or at the option of the coupon holders be used by them to purchase stock of Producers Fire and Casualty at the rate of \$5 per share.

## PUREPAC CORP. PROPOSES STOCK OFFERING

Purepac Corporation, 511 East 72nd St., New York, filed a registration statement (File 2-14929) with the SEC on March 31, 1959, seeking registration of 260,000 shares of its 5¢ par Common Stock. The stock is to be offered for public sale at \$3 per share. The offering is to be made on a best efforts basis by Richard Bruce & Co., Inc., for which a selling commission of \$.525 per share is to be paid. The company also will pay up to \$26,000 of the underwriter's expenses; and, subject to the sale of a minimum of 100,000 shares, the company has agreed to sell to the underwriter, at a price of 1¢ per warrant, 35,000 common stock purchase warrants, the exercise price of the warrants being \$3 per share.

Purepac and subsidiaries are engaged in manufacturing, packaging and selling an extensive line of proprietary drugs. It was founded by Arthur J. Kinsman, who served as its chief executive officer until December 31, 1958, when he resigned as an officer and director. On that date Kinsman and his wife, who were the owners of a majority of the outstanding voting securities of the company, surrendered all their shares to the company for redemption in consideration of the transfer to them of all the outstanding stock of Five Eleven Realty Corporation, owners of the premises at 511 East 72nd St., New York, in which the company's principal executive and sales offices are located. Assuming the public sale of the 260,000 common shares and the exercise by the underwriter of the option for 35,000 shares, there will be a total of 795,000 shares outstanding, of which Adolph D. Storch, company president, and his wife will own 400,000 or approximately 50% for which the total cash investment was some \$94,266; Samuel I. Frank, executive vice president, will own 100,000 or 12½%, for which he will have paid \$10,000 to Mr. and Mrs. Storch; the underwriter will own 35,000 shares or 4.4% for which it will have paid \$32,500; and the public will own approximately 33% of the outstanding stock for which it will have paid \$780,000.

Net proceeds to the company from its stock sale (\$581,700, assuming all shares are sold) are to be used as follows: (a) subject to the prior sale of 195,000 shares, the sum of \$60,000 for the purchase of all the outstanding stock of Purepac Realty Corporation; (b) \$55,000 to Mrs. Samuel I. Frank in repayment of loans made by her to the company; and (c) \$65,000 to repay a loan collateralized by the company's inventory. The balance of the proceeds will be added to the general funds of the company and will be available for general corporate purposes.

## AUSTRAL 1960 OIL EXPLORATION PROPOSES OFFERING

Austral 1960 Corporation for Oil Exploration, 650 Fifth Ave., New York, today filed a registration statement (File 2-14930) with the SEC seeking registration of \$5,000,000 of Oil Exploration Agreements for 1960. Except in certain special circumstances commitments under the Oil Exploration Agreements for 1960 for exploration budget advances by a selected person will not be accepted in amounts aggregating less than \$60,000 and in the discretion of Austral 1960 such commitments may be accepted for larger aggregate amounts. There is no minimum or maximum offering price nor are "units" being offered or sold. Offering of Agreements for oil exploration will be made only by Austral 1960 acting through its officers and other members of its organization. Funds received will be applied against all costs of selecting and acquiring property interests and of drilling and testing any exploratory well or wells, and related activities.



Austral 1960 was organized in 1959 under Delaware law. All of its stock is owned by Austral Oil Company Inc. The stock of Austral Oil and of Oil Participations Inc. is owned 60% by William M. Burden & Co. and 40% by Fox, Wells and Rogers. Bruden & Co., Fox, Wells and Rogers, Austral 1960, certain members of its management and technical staff, and any other person designated by Austral 1960, will receive or retain out of the property interests arising under the agreements interests aggregating 33.333% of such property interests subject to the rights of participants in exploratory wells.

#### JACOBS CO. STOCK TRADING SUSPENDED

The Securities and Exchange Commission has issued an order pursuant to Section 19(a)(4) of the Securities Exchange Act of 1934 suspending trading in the common stock of F. L. Jacobs Co. for a further ten-day period April 1 to April 11, 1959, inclusive.

The stock is listed and registered on the New York Stock Exchange (where it was previously suspended from Exchange trading by action of the Exchange) and is admitted to unlisted trading privileges on the Detroit Stock Exchange. Upon the basis of a finding by the Commission that the suspension of trading on these Exchanges is necessary to prevent fraudulent, deceptive or manipulative acts or practices, over-the-counter trading by brokers and dealers in the stock also is prohibited during the period of suspension pursuant to provisions of the Commission's Rule 15c2-2.

The Commission previously announced the institution of proceedings pursuant to Section 19(a)(2) of the Act to determine whether Jacobs Co. has failed to comply with the disclosure and reporting requirements of said Act and, if so, whether it is necessary in the public interest to suspend its stock from Exchange listing and registration for a period not exceeding twelve months, or to withdraw same from listing and registration. The hearing therein has been continued to April 27, 1959.

#### MACINAR 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 stock offering by Macinar, Incorporated, of 734 15th St., N. W., Washington, D. C.

Regulation A provides a conditional exemption from Securities Act registration with respect to public offerings of securities not exceeding \$300,000 in amount. Macinar filed a notification with the Commission on April 14, 1958, proposing the public offering pursuant to such an exemption of 160,000 common shares at 75¢ per share and 178,110 warrants for stock, exercisable at 75¢ per share. The Commission's suspension order asserts that the terms and conditions of Regulation A were not complied with; that the company's notification and offering circular contain false and misleading representations; and that, by reason thereof, Macinar's stock offering violated Section 17 (the fraud prohibitions) of the Securities Act. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

The Commission's order charges that Macinar's offering circular fails to disclose (1) that Philip Friedlander is a company vice president; (2) that a note indebtedness in the amount of \$17,400 is payable to Virginia B. Gaston, wife of Paul A. Gaston, a controlling person, officer and director of the company; (3) that Macinar assumed the obligation for payment of a \$12,854 note of an affiliate; and (4) that all material transactions of officers, directors and controlling persons with Macinar, its predecessors and affiliates. Moreover, according to the order, the reference to the sale of 50,000 shares of Macinar stock by Paul A. Gaston is false and misleading, in that 110,000 shares were sold without an available exemption from the registration requirement, as is the statement that no compensation has been paid to officers or directors, in that Paul Gaston received some \$12,132 during the period September 1, 1956, to December 31, 1957.

Furthermore, the Commission states in its order that the Regulation A exemption from registration is not available, in that the amount of securities offered for sale, taken together with shares sold by an affiliate in violation of the Securities Act registration requirement, exceeded the \$300,000 maximum allowed by Regulation A; that the notification fails to disclose that American T Co. is controlled by Paul A. Gaston and is an affiliate of Macinar; that the notification fails to disclose the facts required with respect to stock sales by the said Gaston; and that a company report of stock sales fails to disclose the names of the underwriters, the shares held by Gaston, and the use of the proceeds of stock sales and payments made to officers, directors, affiliates, and/or others. Macinar was organized in July 1956 to engage in the manufacture and sale of steel wool products and table supporting mechanisms.