

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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CONSTRUCTION PRODUCTS FILES FOR OFFERING AND SECONDARY

Construction Products Corp., 6865 N. W. 36th Ave., Miami, filed a registration statement (File 2-15511) with the SEC on August 25, 1959, seeking registration of 250,000 shares of its Class A common stock and 10,000 shares of Class B common stock. Of the Class A common, 200,000 shares are now outstanding and are to be offered for public sale by the present holders thereof; and the remaining 50,000 shares are to be offered for sale for the account of the issuing company. The offering is to be made at \$3 per share through an underwriting group headed by Clayton Securities Corp. of Boston, which will receive a commission of .345¢ per share. The company and the selling stockholders have agreed to pay Floyd D. Cerf Jr. Company Inc., of Chicago a fee of 2% (\$3,000 in the case of the company and \$12,000 in the case of the stockholders) of the initial public offering price in consideration of advice and financial services. Morris B. Morris, one of the selling stockholders, also has agreed to sell to Clayton Securities and Cerf Jr. Company 5,000 shares of Class B common stock each at a price of 10¢ per share.

The company is engaged in the business of manufacturing and selling millwork products and building material specialties. It has outstanding 250,000 shares of Class B common and 200,000 shares of Class A common. Net proceeds to the company from its sale of the additional 50,000 Class A shares, estimated at about \$125,398, are to be used as follows: \$90,000 to be applied toward the cost of equipping and stocking inventory for a new branch operation to be opened in the vicinity of Orlando, Fla.; and \$35,398 for acquisition of new machinery in order to expand the pre-fabrication departments and to create additional production facilities.

The selling stockholders are Morris B. Morris, president, Herman W. Feldman, vice-president, and Bernard Lash, treasurer, who propose to sell all of their present holdings of 150,000, 40,000 and 10,000 shares, respectively, of the Class A common stock. They will continue to own 187,500, 50,000 and 12,500 shares, respectively, of the Class B common.

AMERICAN HARDWARE FILES STOCK PLAN

The American Hardware Corporation, 102 Washington St., New Britain, Conn., filed a registration statement (File 2-15512) with the SEC on August 26, 1959, seeking registration of 50,000 shares of common stock, to be offered under the company's Executive Incentive Stock Option Plan.

WESTERN HERITAGE LIFE PROPOSES STOCK OFFERING

Western Heritage Life Insurance Company, 533 East McDowell Road, Phoenix, Ariz., filed a registration statement (File 2-15513) with the SEC on August 26, 1959, seeking registration of 500,000 shares of its common stock, to be offered for public sale at \$2 per share. On shares sold by officers and directors of the company no commissions are to be paid; and on shares sold by salesmen employed by the company or by registered broker-dealers commission will not exceed 17%, or \$.34 per share.

During the period July 1958 and ending May 31, 1959, the company was engaged in completing its organization and in the sale of an initial offering of stock. It now has outstanding 203,875 common shares. It now is engaged in the sale of life insurance on a standard legal reserve basis;

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although authorized to write health and accident insurance, it has no present plans to do so. Initial operations have been conducted at a loss. A special low premium whole life insurance program is being offered to military personnel. Construction of a new home office building in Phoenix began in July 1959, estimated to cost \$50,418. Net proceeds of the sale of additional stock will be added to capital and surplus of the company, such increase in capital and surplus being deemed necessary in order to permit expansion of the company's direct mail program, for the expansion of its agency operations and for the purchase of insurance business written by other companies in the event it is determined that such purchases would be in the best interest of Western Heritage.

Of the 203,875 outstanding common shares, 36,000 shares are owned by June Wood, president.

VIOLATIONS CHARGED TO BRUNS NORDEMAN

The Securities and Exchange Commission has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Bruns, Nordeman & Company ("Respondent"), 52 Wall Street, New York, violated the anti-fraud and anti-manipulative provisions of the Federal Securities Laws in connection with the purchase and sale of stock of Gob Shops of America, Inc., in 1956 and 1957 and, if so, whether Respondent's broker-dealer registration should be revoked and/or whether it should be suspended or expelled from membership in the National Association of Securities Dealers, Inc., or the American and New York Stock Exchanges.

According to the Commission's order, information developed in an investigation conducted by its staff tends if true to show that, during the period September 1956 to January 1957 Respondent and Harold S. Coleman and Laurence H. Lubin, its general partners, "engaged in acts, practices and a course of business which operated as a fraud and deceit upon certain persons" in violation of the said provisions of law in that, in connection with the purchase and sale of, and in effecting transactions in, and while distributing the Gob Shops common stock,

(1) Respondent, aided and abetted by Coleman and Lubin, published bids for and purchased such stock at successively higher prices determined by the firm for the purpose of creating an apparent market in and raising the price of said stock and inducing the purchase of said stock by others;

(2) Respondent, Coleman and Lubin solicited and induced certain persons to purchase Gob Shops stock at the successively higher prices to which they had raised the price of said stock, without disclosing that the market price therefor had been artificially raised by Respondent's acts; and

(3) Respondent, Coleman and Lubin solicited and induced certain persons to purchase Gob Shops stocks by means of false and misleading representations concerning, among other things, the operations and prospects of Gob Shops, dividends, sales of unregistered stock by directors of Gob Shops, and the market price of the stock.

A hearing is to be held, at a time and place later to be announced, for the purpose of taking evidence on the foregoing matters for the purpose of determining whether the laws have been violated in the respects indicated and, if so, whether it is appropriate in the public interest to revoke the broker-dealer registration of Bruns, Nordeman & Company and/or to suspend or expel the firm from the NASD or the two Exchanges.

(NOTE TO PRESS. Foregoing also released by SEC New York Regional Office.)

NORTON PORTLAND 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 public offering of stock by Norton Portland Corporation, 98 Exchange St., Portland, Maine, because it appears that the company's offering circulars are false and misleading in respect of certain material facts.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed August 19, 1958,

Norton Portland proposed the public offering of 29,265 shares of its Class B non-voting common stock at \$10 per share. The Commission's suspension order asserts that, by reason of the false and misleading representations in the company's offering circulars, the offering and sale of its stock has been made and would be made in violation of Section 17 (the anti-fraud provision) of the Securities Act. A hearing will be held, upon request, on the question whether the suspension order should be vacated or made permanent.

The representations in the Norton Portland offering circulars challenged by the Commission pertain to the following: (1) statements in reference to the company's Wonsover machines that "These machines are being offered for sale by reputable farm machinery dealers throughout the world;" (2) statements that "In the United States, such companies as American Chain and Cable Company, Inc., American Bosh Arms Corporation, . . . have expressed an interest in the manufacture and/or distribution of the CARBON MONOXIT;" (3) statements concerning the interest shown in the company's Carbon Monoxit by the Los Angeles Air Pollution Control District; and (4) a statement concerning the interest shown in the company's Carbon Monoxit by the New York Department of Air Pollution Control.

(The company is primarily engaged in research and development of specialized machinery and equipment for the agricultural and automotive industries, including a soil conditioning apparatus known as the Wonsover machine which would perform all crop planting functions in one pass over the land and an apparatus to remove carbon monoxide from the exhaust of internal combustion engines under the name "Carbon Monoxit.")

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