

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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SEC STOP ORDER SUSPENDS MINERALS CONSOLIDATED OFFERING

In a decision announced today (Release 33-4151), the SEC suspended a registration statement which proposed a public offering of securities by Minerals Consolidated, Inc., ("Registrant") of Salt Lake City, because of false and misleading representations and omissions of material facts. Registrant admitted the existence of the deficiencies and consented to the issuance of the stop order.

The registration statement, filed in August 1958, proposed the public offering by Registrant of 1,000,000 common shares and warrants for the purchase of an additional 2,000,000 shares, at an offering price of \$1 per unit consisting of 1 common share and 2 warrants (exercisable at \$1 per share). An additional 100,000 common shares were included for offering at \$1 per share by two of Registrant's promoters. The company was organized in August 1957 to acquire, explore and develop oil, gas and mineral properties; and it issued 3,000,000 shares to its promoters and others who contributed funds, properties and equipment, of which 1,686,380 shares were issued to four officers and directors.

The Commission ruled that the informational disclosures contained in the registration statement are materially deficient with respect to the proposed use of the proceeds of the stock sale, description of Registrant's business, property and capital structure, the plan of distribution of the securities, prior sales of unregistered securities, interests of promoters in transactions with Registrant and remuneration of management officials, and failure to make "plainly evident the speculative features of Registrant's business and securities."

The description of the properties, for example, fails to disclose that Registrant's mining properties are in an exploratory stage and have no known deposits of commercially mineable ore, and the grade of material involved in ore shipments. The prospectus also fails to state the amount of oil produced and sold from the wells in which Registrant held interests and the cost of production, as well as the cost and location of certain properties. There also was a failure to disclose that the Kobe method of improving production referred to in the prospectus has not been demonstrated to be economically feasible in increasing production from Registrant's properties.

Of the \$775,000 anticipated net proceeds of the stock sale, about \$392,000 is unallocated except to general corporate purposes. The Commission held that the prospectus is materially misleading in failing to make clear that Registrant, a recently organized company with limited operations, proposed to raise money from the offering far in excess of the needs of any existing activity or program and that it has no specific plans with respect to the use of more than half of the expected proceeds. There also was a failure to disclose the identity of persons other than management officials who might participate in the stock offering and the commissions payable to persons acting as dealers, as well as the extent to which a brokerage firm, in which three officers are partners, will participate in the offering.

The prospectus also is deficient, the Commission indicated, with respect to the identity of the promoters and their stock ownership in Registrant, the cost to promoters of properties transferred to Registrant, and the interests of promoters and officials in transactions in which Registrant is involved.

TRADING IN JACOBS CO. STOCK SUSPENDED

The SEC has issued an order under the Securities Exchange Act of 1934 temporarily suspending trading on the New York and Detroit Stock Exchanges and in the over-the-counter market in the common stock of F. L. Jacobs Co. for a further ten-day period October 29, 1959, to November 7, 1959, inclusive.

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For further details, call ST. 3-7600, ext. 5626

ADDITIONAL KEYSTONE SHARES IN REGISTRATION

Keystone Custodian Funds, Inc., Boston investment company, filed an amendment on October 26, 1959, to its registration statement (File 2-10527), seeking registration of an additional 1,000,000 shares of Keystone Custodian Fund Certificates of Participation Series K1.

ALBRIGHT BOND ESTATE PROPOSES OFFERING

Albright Bond Mortgages, a Trust Estate, filed a registration statement (File 2-15737) with the SEC on October 19, 1959, seeking registration of \$2,000,000 of Albright Bonds. The prospectus lists Albright Title & Trust Company of Newkirk, Okla., as trustee. The Trust was created in April 1929 by the Trust Company and the deposit by it of real estate first mortgages with its trust department as trustee, the Trust Company declaring a trust for the benefit of holders of the bonds then issued and to be issued.

The Albright Bonds will be issued and sold for cash in multiples of \$50; and Albright Savings Bonds will be issued and sold for cash in any amount deposited by the investor. By such purchases the investor is enabled to invest in real estate first mortgages, acquired with the proceeds of such investment.

OVITRON CORP. FILES STOCK OFFERING PROPOSAL

Ovitron Corporation, 14830 Schaefer Highway, Detroit, filed a registration statement (File 2-15776) with the SEC on October 27, 1959, seeking registration of 150,000 shares of common stock, to be offered for public sale at \$6 per share with a 75¢ per share commission to the underwriter, Sutro Bros. & Co. of New York. The statement also includes an additional 10,000 shares recently sold to the underwriter at \$3 per share.

The company was organized in November 1958 by C. Robert Allen, III, board chairman, of Sand Point, L.I., N.Y., Stanford R. Ovshinsky, president, and Herbert C. Ovshinsky, vice president, both of Detroit, in order to exploit an invention of the two Ovshinskys for a control device to make or break and/or control an AC electric circuit through the control of a film upon a set of fixed electrodes called the Ovitron control device. Commercial production of the device has not commenced. Of the net proceeds of the stock sale, \$50,000 will be used to pay the Ovshinskys for a modification of their royalty agreement; \$500,000 for experimentation and research and development of new applications for the control device; \$50,000 for start-up costs of developing a sales organization; \$50,000 for pre-production costs and equipment; and \$110,760 for working capital.

Of the 400,000 outstanding shares, Stalco, Inc., will own about 58% (assuming the sale of the 150,000 new shares) for a total investment of \$205,000. Allen and his wife own 82.7% of the Stalco stock. The Ovshinskys will each own 6% of the outstanding shares received in exchange for the control device, for which they also received \$40,000 in cash and will receive an additional \$50,000 plus royalties. Other investors will hold 3.64% of the stock for which they paid \$60,000; and the general public will own about 27% of the stock for which they will have paid \$900,000.

DYNA-THERM CHEMICAL PROPOSES STOCK OFFERING

Dyna-Therm Chemical Corporation, 3813 Hoke Ave., Culver City, Calif., today filed a registration statement (File 2-15777) with the SEC seeking registration of 200,000 shares of capital stock, to be offered for public sale at \$3 per share. The offering is to be made on a best efforts basis by Peter Morgan & Company of New York, for which it will receive a selling commission of \$.375 per share plus \$15,000 for expenses. Certain stockholders have agreed to sell the underwriter 10,000 shares of outstanding stock at 30¢ per share and to sell 17,000 shares at the same price to certain persons designated by the underwriter. Elbert Davis, an official of the company, has agreed to purchase 25,000 shares at \$3 per share.

The company manufactures and sells flame-retarding and heat-resisting coatings, including a mastic-type coating for military and industrial use. Through subsidiaries it manufactures and sells plastisols, paint, plastic coatings and various special plastic materials and markets a group of consumer products including aerosol packaged spray paints and other products. The company now has outstanding 1,052,983 shares of stock in addition to certain indebtedness. Of the net proceeds of the sale of additional stock, \$180,000 will be used to pay a part of the purchase price of the

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stock of one of the subsidiaries, Plas-Kem Corporation, acquired in May, 1959, from Elbert Davis. Part of the proceeds also will be used to pay a \$60,000 bank loan, and the balance for working capital.

Of the outstanding stock, officers and directors as a group own 258,791 shares, or 24.6%.

AUDIT PROCEDURES PRESCRIBED FOR MIP ACCOUNTS

The SEC today announced the adoption of a revision of its Minimum Audit Requirements to be followed by independent accountants in preparing financial reports of exchange members and registered broker-dealer firms.

Item 5 of the Minimum Audit Requirements provides that the independent accountant shall request written confirmation of certain accounts, including customers' accounts, of the member, broker or dealer. The amendment specifically permits the accountant in auditing the books and records of member firms of national securities exchanges who originate Monthly Investment Plan accounts to omit, under specified conditions, written confirmation of the M.I.P. accounts of the originating member firm when in his judgment such procedure is not necessary. The amendment does not relieve the certifying accountant of the responsibility for requesting written confirmation of any other accounts of M.I.P. customers, or for a satisfactory verification of the M.I.P. accounts of the originating broker, or for the review of the safeguards of such accounts, or for the responsibility for performing such other auditing procedures as are ordinarily performed in the audit of the customers' accounts of a broker-dealer.

The New York Stock Exchange in its minimum audit requirements specifies that each odd-lot firm which acts as custodian of securities owned by M.I.P. customers have an audit on a surprise basis by an independent public accountant made at least once in each calendar year. Audits of the originating member firms must also be made on a surprise basis each calendar year. The Committee on Audits of Securities Brokers and Dealers of the American Institute of Certified Public Accountants feels, and the Exchange agrees, that the duplication of the confirmation procedures has entailed an audit expense which does not appear to be justified and that duplicate confirmation is confusing to the customers. Because of this confusion and in view of the internal control inherent in M.I.P. accounting, the committee recommended that under certain conditions the independent public accountants concerned with the audits of the respective originating member firms (commission houses) be relieved of the procedure for requesting written confirmation of M.I.P. accounts to the extent that, in their judgment, such procedure is not necessary.

DON MOTT PROPOSES STOCK OFFERING

Don Mott Associates, Inc., 126 South Court St., Orlando, Fla., filed a registration statement (File 2-15778) with the SEC on October 27, 1959, seeking registration of 161,750 shares of class B common stock (non voting) to be offered for public sale at \$10 per share. The offering is to be made on a best efforts basis by Leon H. Sullivan, Inc., which will receive a selling commission of \$1 per share. The registration also includes an additional 20,000 shares to be held under a restricted option plan in which Don Mott, president, and Warren S. Watts, board chairman and executive vice president, may purchase 10,000 shares each for \$5.50 any time before April 3, 1964.

The company was incorporated in June, 1958 and is engaged principally in the promotion and development of real estate in the central Florida area. In addition to the real estate agency purchased from Mott, the Company has acquired a tract of land near Orlando, Florida called Ridgecrest Park which is to be developed for "modest priced" housing; additional acreage near and through which the new Interstate Expressway is planned; and the First National Bank Building in Orlando. It also has organized a subsidiary, Customers Finance Co. Proceeds from the sale of the Class B stock are to be applied to payments on the bank building (\$200,000); \$150,000 to be used in connection with the development of the Ridgecrest subdivision; \$200,000 to be supplied to Customers Finance for use in financing its own loans; \$700,000 is to be used in the acquisition and development of the Expressway property, and the remainder to be used for general corporate purposes.

The company now has outstanding, in addition to certain indebtedness, 20,000 shares of Class A common voting stock and 44,700 shares of class B common non-voting stock. Officers and directors of the company own 13,800 shares (69%) of the class A stock and 15,803 shares (35.2%) of the class B

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stock. Warren S. Mott owns 3,280 shares of class A (16.4%) and 5,320 shares of Class B (11.9%). Don Mott owns 3,080 shares of Class A (15.4%) and 3,543 shares of Class B (7.9%). Louis G. Christensen, vice-president and director, owns 2,000 shares of Class A (10%) and 1,500 shares of Class B (3.4%).

CALUMET & HECLA FILES FOR EXCHANGE OFFER

Calumet & Hecla, Inc., 122 South Michigan Ave., Chicago, filed a registration statement (File 2-15779) with the SEC on October 27, 1959, seeking registration of 188,340 shares of common stock. The company proposes to offer this stock in exchange for all the outstanding preferred and common stock of Flexonics Corporation pursuant to an agreement with certain shareholders of Flexonics. Under this agreement, Calumet stock will be offered in exchange on the basis of 1 share of such stock for each 2-5/8 shares of Flexonics common, and 4 shares for each share of Flexonics preferred.

The agreement was signed by Meridan Corporation, Calvin Fentress, Jr., John F. P. Farrar, and D. Wendell Fentress, who own or represent an aggregate of approximately 85% of the Flexonics common and about 80% of its preferred. Flexonics is engaged in the manufacture of flexible metal hose, fittings and assemblies; synthetic hose assemblies and fittings; bellows and assemblies; expansion joints; and ducting systems and components for aeronautical and missile applications. Its general offices are located in Maywood, Ill. Its products are said to complement those of Calumet, which at present plans to operate Flexonics as a separate subsidiary.

TEMPORARY ORDER RESTRAINS FIRST SECURITIES CO.

The SEC Boston Regional Office announced on October 23, 1959, that a Federal Court Order had been issued temporarily restraining First Securities Company of Boston from violating the SEC net capital rule. Court Hearing on motion for preliminary injunction is set for October 30, 1959.

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