

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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Washington 25, D.C.

FOR RELEASE May 11, 1962

**STOP ORDER SUSPENDS YUSCARAN MINING STATEMENT.** The SEC has issued a stop order suspending the effectiveness of a registration statement under the Securities Act of 1933 filed by Yuscaran Mining Company, Inc., of Coral Gables, Fla. which proposed the public offering of 1,000,000 common shares at \$1 per share. The statement was found by the Commission to be false and misleading in respect of various material facts. Yuscaran consented to the entry of the order.

According to the order, Yuscaran's prospectus did not adequately and accurately disclose all material facts regarding the mining interests in Yuscaran, Honduras, which registrant acquired from a partnership of which the promoters, Joseph Bobak, Emanuel Davis and David Kornberg, Jr., were also the principal promoters and officers of registrant. Thus, the prospectus failed to disclose that a number of earlier owners of the mining rights had abandoned them without commencing mining operations and that registrant did not know the financial results of the mining operations of the previous owner; that there was insufficient information to establish the existence of ore at the mine; that there were no known ore reserves; that no complete geological report had been made on any of the property; and that the venture had not advanced beyond the exploratory stage. The prospectus also was misleading in failing to disclose applicable provisions of Honduras law, including provisions making shares of common stock subject to assessment and permitting notices of assessment and of shareholders' meetings to be given by local publication in Honduras.

In addition, the prospectus was misleading in implying that the Yuscaran properties and certain North Carolina mining rights acquired by registrant from the partnership for 15,900,000 shares had a value of \$1,590,000. In fact, the lessors of the Yuscaran interests received 600,000 shares of registrant's stock and \$28,000 face amount of registrant's 25-year debentures for the lease to the partnership, and there was no subsequent material change in the property to justify the transfer of the property from the partnership to registrant for an additional 15,300,000 shares of registrant's stock. Furthermore, registrant did not have any North Carolina mining rights; it had prospecting permits originally acquired at a cost of about \$60 per year, but such permits had expired before the registration statement was filed.

Furthermore, the prospectus failed to disclose that registrant had issued or obligated itself to issue shares in excess of its authorized capitalization; that it had sold about 3,000,000 shares of unregistered stock in violation of Section 5 of the Act and had incurred contingent liabilities by virtue of such sales; that the proceeds from such sales had not been accounted for in registrant's books and records; and that the proposed offering covered by the registration statement had not been authorized by the board of directors and could not be validly made because it would further increase the outstanding stock beyond the number of authorized shares.

**SEC ORDER CITES BALBROOK SECURITIES.** The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether the broker-dealer registration of Balbrook Securities Corporation, Bernardsville, N. J., should be denied.

Balbrook filed its application for broker-dealer registration on December 21, 1961, and its effective date was postponed indefinitely by order of the Commission. Clinton F. Davidson is president, treasurer and a director. The Commission's order recites charges by its staff that Davidson was enjoined on May 31, 1961, by the U. S. District Court (N.J.) from causing any registered investment company, among other things, to purchase, acquire or issue securities in violation of specified provisions of the Investment Company Act of 1940.

A hearing will be held at a time and place to be announced, to take evidence with respect to said injunction and the question whether, in view thereof, it is necessary or appropriate in the public interest to deny Balbrook's registration application.

**RULE VIOLATIONS CHARGED TO T. B. ALLEN.** The Commission also has authorized proceedings to determine whether certain of its rules have been violated by Thomas Bennett Allen, doing business as Jordan, Marc and Company, 1319 F Street, N. W., Washington, D. C., and, if so, whether its broker-dealer registration should be revoked. Allen has been so registered since September 24, 1961. The Commission's staff charges that Allen violated the record-keeping and reporting requirements of the Act and rules of the Commission thereunder (1) by making false and fictitious entries in his books with regard to certain purported purchases of securities from and sales of securities to a certain party, when neither intended nor did make delivery of or payment for such securities, (2) by failing to make entries in his books and records with respect to a certain bank loan or to make and keep current certain of the required books and records, and (3) by failing to file a report of financial condition. A hearing will be held for the purpose of taking evidence on the foregoing, at a time and place to be announced.

**PRECISION MICROWAVE TRADING BAN CONTINUED.** The SEC has issued an order continuing the ban on trading in the common stock of Precision Microwave Corp. on the American Stock Exchange and over-the-counter market for a further ten-day period May 14-23, 1962, inclusive.

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**CANADIAN RESTRICTED LIST.** The SEC has added Alaska Highway Beryllium Venture to its Canadian Restricted List. The list is now comprised of the names of 257 Canadian companies whose securities, the Commission has reason to believe, recently have been or currently are being distributed in the United States in violation of the registration requirements of the Securities Act of 1933, thus depriving investors of the financial and other information essential to an informed and realistic evaluation of the worth of the securities which registration would provide.

**TWO DELISTINGS APPROVED.** The SEC has granted an application of the New York Stock Exchange to delist the common stock and 5% Class A preference stock (Series I) of United States Hoffman Machinery Corp., effective close of business May 25th, and an application of the Midwest Stock Exchange to delist the common stock of The Van Dorn Iron Works Company, effective close of business May 18, 1962. (Release 34-6801).

**UNLISTED TRADING SOUGHT.** The SEC has issued orders (Release 34-6801) giving interested persons until May 25th to request hearings upon applications of the Boston and Philadelphia-Baltimore Stock Exchanges for unlisted trading privileges in the common stock of Unilever N.V.

**FLOSEAL FILES FOR OFFERING AND SECONDARY.** Floseal Corporation, 100 West Tenth Street, Wilmington, Del., filed a registration statement (File 2-20354) with the SEC on May 10th seeking registration of 169,420 shares of common stock, to be offered for sale to stockholders of the company at a price to be supplied by amendment (maximum \$2 per share\*). Unsubscribed shares if any, will be offered to the general public at current market prices at the time of sale. The statement also includes (1) 377,067 outstanding shares, to be offered for public sale by the holders thereof from time to time at the current market prices; and (2) 53,504 shares issued or to be issued pursuant to the exercise of outstanding options.

The company is engaged in the business of owning and licensing cardboard carton pouring spout patents and die patents, and in developing its process for the making of dies and molds therefor. According to the prospectus, such patents are the only material assets of the company other than cash, accounts receivable, deferred research expenses, and miscellaneous assets. The company also is engaged in developing means and methods of making cartons that are the subject matter of applications for patents in the course of preparation. Its principal activities now concern the licensing, promotion, and development of the die patents. Of the net proceeds from the company's sale of additional stock, \$100,000 will be used to pay indebtedness to Farwest Capital Corp., Eddy Investment Co., and Morton K. Whittaker, incurred for operating expenses and to pay certain indebtedness, and the balance will be used to pay certain obligations and short-term indebtedness, to meet current operating expenses, and to finance operations until such time as royalty income from the company's licensing of patents might equal its expenses. The prospectus reflects losses for the years ended May 31, 1960 and 1961 of \$84,228 and \$91,703, and a loss for the ten months ended March 31, 1962 of \$99,222. The prospectus states that such losses for said two fiscal years were primarily as a result of low royalty income, and the company "cannot presently predict when or if royalty income might increase sufficiently to offset the Company's expenses." The company's operations have been financed primarily through borrowing, issuance of stock options and sale of stock. In addition, certain debts and expenses have been cancelled in consideration for the issuance of stock. From October 15 through December 11, 1959, the company is said to have issued a total of 362,067 common shares at prices ranging from 75¢ to \$2 per share, for cash, for patents, and in cancellation of indebtedness and for services rendered. A portion thereof has been resold. According to the prospectus, such shares were issued without prior registration under the Securities Act of 1933, and the company may have incurred a civil liability under said Act as a result.

The company has outstanding 977,067 shares of common stock, of which management officials as a group (including family and business affiliates) own 162,444 shares. H. L. Phillips is president. The prospectus lists 32 selling stockholders including Phillips and W. J. Fortier, who own and may sell 24,001 and 41,558 shares, respectively. Others may sell amounts ranging from 300 to 30,932 shares.

**CANAVERAL HILLS ENTERPRISES FILES FOR STOCK OFFERING.** Canaveral Hills Enterprises, Inc., 309 Ainsley Bldg., Miami, Fla., filed a registration statement (File 2-20355) with the SEC on May 10th seeking registration of 100,000 shares of common stock, to be offered for public sale at \$5 per share. The offering will be made on a best efforts all or none basis by Willis E. Burnside & Co., Inc., 55 Broadway, New York, which will receive a 60¢ per share commission and \$12,500 for expenses. The statement also includes (1) 20,000 shares underlying 5-year warrants sold to the underwriter at 1 mil each, exercisable at \$5.50 per share, and (2) 8,000 shares underlying an option expiring 1967 held by a holder of an \$85,000 note of the company, exercisable at \$5.25 per share. Payment for all or part of such shares may be made by conversion of up to \$42,000 of such note. Five-year warrants to purchase 71,000 shares at \$5.50 per share have also been sold to certain organizers at 1 mil each.

The company was organized under Florida law in November 1961 for the purposes, among others, of owning and operating a country club and golf course, swimming pool and cabana club in Brevard County, Florida (Cape Canaveral area), developing real estate owned by the company, and building private homes, multiple dwellings, apartment houses, motels and a shopping center, and possibly a hospital, bowling alley and an office building. The organizers of the company received 125,000 common shares, of which 34,000 shares were issued in consideration for services and 91,000 shares were the consideration, together with warrants for an additional 53,000 shares, for the property acquired by the company. Said property, including clubhouse, capital improvements, and an option to acquire certain real estate had an original adjusted cost to the organizing group of \$549,715, of which \$227,181 was paid in cash and \$322,534 paid by notes secured by mortgages, which notes and mortgages were assumed by the company. Of the \$405,500 estimated net proceeds from the stock sale, \$117,500 will be used to make the regularly scheduled payment on principal and interest on the existing mortgage titles on the company's golf and country club project, and the balance for certain construction and improvements at said project.

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In addition to certain indebtedness, the company has outstanding 125,000 shares of common stock, of which John Shahbas, Sr., president, owns 52%. Sale of new stock to the public at \$5 per share will result in an increase in the book value of stock now outstanding from \$1.73 to \$2.76 per share, with a resulting dilution of \$2.24 per share in the book equity of stock purchased by the public.

**DART DRUG PROPOSES DEBENTURE OFFERING.** Dart Drug Corporation, 5458 Third Street, N. E., Washington, D.C., filed a registration statement (File 2-20356) with the SEC on May 10th seeking registration of \$1,000,000 of convertible subordinated debentures due 1977, to be offered for public sale at 100% of principal amount. The offering will be made by Laird & Company, Nemours Building, Wilmington, Del., and Jones, Kreeger & Co., 1615 Eye Street, N. W., Washington, D. C. The underwriting terms are to be supplied by amendment.

The company and its subsidiaries are engaged in operating 14 discount retail drug stores, primarily in the Washington, D. C. metropolitan area. Of the net proceeds from the debenture sale, \$300,000 will be used to pay bank loans incurred for working capital and to purchase inventory and equipment for the company's latest store opened in April 1962, and the balance will be added to general funds to be available for working capital and to open new discount retail drug stores through 1963 and to provide inventory for such stores. The company now operates 14 stores and contemplates opening about eight new stores through 1963. In addition to certain indebtedness, the company has outstanding 475,840 Class A common shares (non-voting) and 129,260 Class B common shares, of which Herbert H. Haft, president, and Gloria G. Haft, his wife and a company vice president, own an aggregate of 44.5% of the Class A and 100% of the Class B shares.

**PAPERT-KOENIG-LOIS FILES FOR SECONDARY.** Papert, Koenig, Lois, Inc., 9 Rockefeller Plaza, New York, filed a registration statement (File 2-20357) with the SEC on May 10th seeking registration of 100,000 outstanding shares of Class A stock, to be offered for public sale by the holders thereof through underwriters headed by Andresen & Co., 30 Broad Street, and Oppenheimer & Co., 25 Broad Street, both of New York. The public offering price (maximum \$8 per share\*) and underwriting terms are to be supplied by amendment. The statement also includes 12,000 outstanding Class A shares underlying 3-year warrants to be sold by the holders thereof to the Andresen firm for \$120, exercisable at a price to be supplied by amendment. Andresen intends to sell at cost 1,000 of such warrants to Adolph N. Hult, the finder.

The company is an advertising agency engaged principally in the business of developing and preparing advertising for its clients and arranging for the publication and dissemination of advertising in various media, including, among others, newspapers, magazines, radio and television. It has outstanding 262,444 Class A and 249,466 Class B shares, of which Frederic Papert, board chairman, Julian Koenig, president and George Lois, first vice president, each own 25.66% of each class. They each propose to sell 25,659 Class A shares. In addition, Norman Grulich, executive vice president, owns 14.7% of each class and proposes to sell 14,703 Class A shares; and four others propose to sell 2,080 Class A shares each. After the stock sale, Papert, Koenig, and Lois will each own 20.65% of both classes. Book value of Class A shares now outstanding is 40¢ per share.

**ESQUIRE REALTY FILES FOR OFFERING.** The Esquire Realty Company, 10 East 40th Street, New York, filed a registration statement (File 2-20358) with the SEC on May 10th seeking registration of \$2,185,000 of limited partnership interests in the partnership, to be offered for public sale at \$5,000 per interest. No underwriting is involved.

Esquire Realty is a limited partnership organized under New York law in April 1962 with Benjamin Kaufman, Nathan P. Jacobs, Shabse Frankel and Gerald S. Kaufman as general partners. Said persons and 14 others are original limited partners. The partnership proposes to acquire a 24-story office building (The Esquire Building) located in Chicago, and a 6½ acre tract of land in Lodi, New Jersey, on which is located a self-service discount department store (Modell's Discount Department Store). Such properties were acquired by Kaufman and Jacobs for an aggregate purchase price of \$4,705,000 (\$2,205,000 in cash and \$2,500,000 in mortgages); and they have entered into net leases with the sellers in each case, providing for the operation of each of the properties by such sellers or by sub-lessees of the sellers. Kaufman and Jacobs, as agents for all the general and original limited partners, will convey the properties to the partnership at an aggregate cost to the partnership of \$5,138,709 after giving effect to principal amortization payments on mortgages which are liens on the property through the end of June 1962. As consideration for such conveyance, the general and original limited partners will receive \$20,000 of subordinate partnership interests, \$2,185,000 in cash from the net proceeds of this offering, and \$515,000 of original limited partnership interests (to constitute about 18.9% of the total partnership interests to be outstanding).

**ORAL ARGUMENTS:** Banner Securities, May 17th, 2:30 P. M.

**SECURITIES ACT REGISTRATIONS.** Effective May 9: Gateway Chemicals, Inc. (File 2-19333). Effective May 11: The Tucson Gas, Electric Light & Power Company (File 2-20226); Universal Lighting Products, Inc. (File 2-18929). Withdrawn May 11: California Metals Corp. (File 2-15296); Patent Research & Development Inc. (File 2-19789); Rubber and Fibre Chemical Corp. (File 2-18953).

\* As estimated for purposes of computing the registration fee.

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