

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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HEROLD FUND PROPOSES OFFERING. The Herold Fund, Inc., 35 Mason Street, Greenwich, Conn., filed a registration statement (File 2-27183) with the SEC on August 30, seeking registration of 200,000 shares of capital stock, to be offered for public sale at net asset value (\$100 per share) plus a premium of 1%. John S. Herold, Inc., is the organizer of the Fund; and it will serve as investment adviser. Herold also is president of the Fund.

RADIATION MACHINERY PROPOSES OFFERING. Radiation Machinery Corporation, 1280 Route 46, Parsippany, N. J., filed a registration statement (File 2-27190) with the SEC on August 30 seeking registration of 110,000 shares of common stock, to be offered for public sale at \$3 per share. The offering is to be made on all or none basis by Milton D. Blauner & Co., Inc., 115 Broadway, New York, N. Y. 10006, for which it will receive a commission of 30¢ per share. Upon completion of the offering, Blauner will be entitled to purchase for \$110, five-year warrants for the purchase of 11,000 common shares, exercisable at \$3 per share; and the company has agreed to sell to Allen & Co. for services performed as a finder, 5,000 similar warrants at 1¢ per warrant.

The company is in the development stage, has had no commercial activity to date and no operating history; it is engaged in research and development of one product, the Gammator, designed to permit study of the effects of radioactive exposure, but has not yet produced a prototype thereof. Net proceeds of its stock sale will be used as part of the general working capital of the company for research and development of the Gammator, and for other general corporate purposes, including salaries of certain officers and directors. The company now has outstanding 143,656 common shares, of which 30.8% is owned by Milton Packin, president, and 6.4% by George L. Wallach, a director. According to the prospectus, upon completion of the public offering the company's founders and prior investors will have invested \$76,837 and they will represent 56.6% of the then outstanding stock; as a result, purchasers of the new shares will suffer "an immediate dilution of \$1.63 per share. . ."

COMPUTER NETWORK FILES FOR OFFERING. Computer Network Corporation, 8307 Fox Run, Potomac, Md. 20854, filed a registration statement (File 2-27193) with the SEC on August 30 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$2.25 per share. The offering is to be made on a best efforts basis by First Investment Planning Company, of 1500 Mass. Ave., N. W., Washington, D. C. 20005, which will receive a \$.225 per share selling commission plus \$6,750 for expenses. The company also has agreed to issue to the underwriter a three-year warrant to purchase 6,000 shares at \$2.25 per share if all the shares offered are sold.

The company was organized in June 1967 under Maryland law for the purposes of providing time-shared computer services (also known as remote-access computer services), technical advice and support to the users of these computer services and for developing and marketing proprietary software packages (operating instructions and programming languages used in computer control). It is negotiating with Burroughs Corporation to lease a B-5500 computer system. Net proceeds of its stock sale will be used as a security deposit under the Burroughs lease, for installation of the computer system, and for working capital. The company now has outstanding 133,332 common shares and warrants for the purchase of 141,668 shares. Warrants for 66,668 shares are exercisable at 80¢ per share until July 20, 1968, and 75,000 are exercisable at \$1 per share until July 20, 1971. Frank S. Trumbower is president and board chairman of the company. He owns 15% of the outstanding shares and management officials as a group 50%; and Compress, Inc., of Washington, D. C., owns 37.5%.

U. S. FINANCE CO. FILES FINANCING PROPOSAL. United States Finance Company, Inc., 3974 Woodcock Drive, Jacksonville, Fla. 32207, filed a registration statement (File 2-27196) with the SEC on August 31 seeking registration of \$4,000,000 of convertible subordinated debentures due 1987 and 40,000 shares of common stock, to be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith, Inc., of 70 Pine St., New York, N. Y. 10005. The interest rate on the debentures, public offering prices (\$35 per common shares maximum*) and underwriting terms are to be supplied by amendment.

The company and subsidiaries are principally engaged in the business of making installment loans. Net proceeds of this financing will be used as needed for additional working capital required for expansion in connection with the company's present business and with businesses which may be acquired in the future. In addition to indebtedness and preferred stock, the company has outstanding 539,706 common shares, of which management officials own 28% (including 100,000 shares or 18.5% owned by Carl W. Knobloch, Jr., president).

RIO ALGOM MINES FILES RIGHTS OFFERING PROPOSAL. Rio Algom Mines Limited, 120 Adelaide Street West, Toronto 1, Ontario, Canada, filed a registration statement (File 2-27198) with the SEC on August 31 seeking registration of 849,818 common shares. It is proposed to offer these shares for subscription by stockholders of record October 4, at the rate of one new share for each seven shares then held. The subscription price (\$36.50 per share maximum*) and underwriting terms are to be supplied by amendment. Nesbitt, Thomson and Co., Ltd., of 60 Broad Street, New York, N. Y. 10004, is listed as the principal underwriter. According

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to the prospectus, certain affiliates of The Rio Tinto-Zinc Corporation Limited (Preston Mines Limited and Tinto Holdings Canada Limited, immediate parents of Rio Algom Mines Limited) have undertaken to exercise their rights to purchase, at the subscription price, 702,510 of the 941,383 additional shares to which they are entitled. Shares so purchased are not being underwritten.

Rio Algom Mines' operations are conducted principally in two divisions. Through its Mining Division it owns and operates uranium mines and mills in the Elliot Lake area of Ontario and holds contracts to supply Eldorado Mining and Refining Limited, a Canadian Crown corporation, with certain amounts of uranium oxide ("U₃O₈") in concentrates, the last delivery of which is presently scheduled for October, 1971 and to supply the United Kingdom Atomic Energy Authority with certain amounts of U₃O₈ for approximately eight years thereafter. In addition Rio Algom has made a tender to supply The Hydro-Electric Power Commission of Ontario with certain amounts of U₃O₈ during the period 1970-1983, which tender has been accepted subject to preparation and execution of a formal contract. Rio Algom is also engaged directly or through subsidiaries in the production of copper and zinc. Wholly-owned subsidiaries of Rio Algom also carry out, on their own and in partnership with others, active exploration programs in Canada and the United States. Rio Algom's Steel Division is the leading producer of specialty steels in Canada, with production facilities at Welland, Ontario and Tracy, Quebec.

Net proceeds of its stock sale will be added to the general funds of Rio Algom Mines, to be used for additions to working capital and capital expenditures. In addition to indebtedness and preferred stock, the company now has outstanding 10,716,452 common shares, of which Preston Mines Limited owns 43.95% and Tinto Holdings 53.06% (including 1,880,086 shares owned of record and 80.81% of the 4,706,600 shares owned by Preston Mines). John Norman Valette Duncan is board chairman and Robert Douglas Armstrong president.

PRESTON MINES PROPOSES RIGHTS OFFERING. Preston Mines Limited, 120 Adelaide Street West, Toronto 1, Ontario, Canada, filed a registration statement (File 2-27197) with the SEC on August 31, seeking registration of 88,000 common shares. Preston Mines is proposing the offering of 1,223,272 common shares, of which 234,754 shares are to be offered to the general public including a maximum of 88,000 shares to investors in the United States. The offering is to be made to holders of outstanding common shares, at the rate of two new shares for each eleven held on October 4. According to the prospectus, The Rio Tinto-Zinc Corporation Limited owns 5,436,856 shares (80.81%) of the outstanding Preston Mines stock; it has undertaken to exercise its rights to purchase, at the subscription price (\$20 per share maximum*), the additional common shares (988,518 shares) to which it is entitled and, in addition, to purchase all common shares which are not taken up by shareholders through the exercise of their subscription rights.

The principal asset of Preston Mines consists of 4,709,600 common shares of Rio Algom Mines Limited, representing 43.95% of the outstanding Rio Algom Mines stock; it also owns and operates a small gold mine in the Porcupine mining area in the District of Cochrane, Ontario. Net proceeds of its stock sale will be used by Preston Mines to subscribe for common shares of Rio Algom Mines pursuant to its rights offering (referred to above). Robert Douglas Armstrong is president of Preston Mines.

FIVE STOCK PLANS FILED. The following have filed Form S-8 registration statements with the SEC seeking registration of securities issuable pursuant to employee stock option and related plans:

- Columbia Broadcasting System, Inc., New York, N. Y. 10019 (File 2-27184) - 12,776 common and 25,551 preferred shares
- The Carpenter Steel Co., Reading, Pa. 19603 (File 2-27191) - 30,000 common shares
- Restaurant & Waldorf Associates, Inc., New York, N. Y. 10036 (File 2-27192) - 189,628 common shares
- North American Aviation, Inc., El Segundo, Cal. 90245 (File 2-27194) - 1,358,544 common shares
- Federal-Mogul Corp., Southfield, Mich. 48075 (File 2-27195) - 44,125 common shares

NEES SEEKS ORDER. New England Electric System, Boston holding company, has joined with two of its subsidiaries in the filing of an application with the SEC under the Holding Company Act with respect to increased borrowings by the subsidiaries; and the Commission has issued an order (Rel 35-15840) giving interested persons until September 22 to request a hearing thereon. Previously, the two subsidiaries, Massachusetts Electric Company and The Narragansett Electric Company, were authorized to borrow from banks or NEES, from time to time through December 1967, sums aggregating \$23,750,000 and \$9,700,000, respectively; and the subsidiaries now propose to increase these borrowings to \$25,000,000 and \$12,000,000, respectively. The funds are needed by the subsidiaries to meet their cash requirements pending permanent financing.

SOUTHWESTERN ELECTRIC RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Rel 35-15841) authorizing Southwestern Electric Power Company, Shreveport, La., subsidiary of Central and South West Corporation, to amend its charter to increase from \$10 to \$12 the per share par value of its 5,500,000 authorized shares of common stock, and to transfer from earned surplus to the common stock capital account the sum of \$10,533,600 -- the equivalent of \$2 for each of the 5,266,800 outstanding common shares.

HAMILTON MANAGEMENT RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Rel IC-5074) granting an exemption application filed by Hamilton Management Corporation, Denver, investment adviser and sole stockholder of three new funds, International Balanced Fund, Inc., International Growth Fund, Inc., and International Income Fund, Inc. Hamilton Management is a wholly-owned subsidiary of International Telephone and Telegraph Corp., and is primarily engaged in rendering investment advice to Hamilton Funds, Inc., and of underwriting and distributing securities of that company and Hamilton Fund, a unit investment trust. The order provides an exemption for the new funds from certain provisions of the Act so long as they do not make a public offering of securities and Hamilton Management remains their sole stockholder.

MASS. INVESTORS GROWTH ACQUISITION CLEARED. The SEC has issued an exemption order under the Investment Company Act (Rel IC-5075) permitting Massachusetts Investors Growth/Fund, Inc., of Boston, to issue its shares at their net asset value in exchange for substantially all of the assets of Lloyd S. Thornton Co. ^{Stock}

NATIONAL AVIATION SEEKS ORDER. National Aviation Corporation, New York investment company, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed purchase at the public offering price of up to \$3,000,000 of debentures of Grumman Aircraft Engineering Corporation; and the Commission has issued an order (Rel IC-5076) giving interested persons until September 20 to request a hearing thereon. Grumman has filed a registration statement proposing the public offering of \$50,000,000 of the debentures. A director of National Aviation is a partner of one of the underwriting firms. In view thereof, its purchase of the debentures during the existence of the underwriting syndicate is prohibited by the Act unless the Commission for good cause shown grants an exemption from the prohibition.

DAVID M. MILTON ENJOINED. The SEC New York Regional Office announced August 31 (Litigation Release No. 3796 and Litigation Release No. 3797) signing of court judgments (USDC SDNY) permanently enjoining David M. Milton (a) from acting as an officer or director of any registered investment company (or in any other capacity specified in Section 36 of the Investment Company Act), and from violating Section 17(a) of that Act and the anti-fraud provisions of the Federal securities laws and (b) from violating or causing the violation of Sections 15(d), 20(b) and 20(c) of the Securities Exchange Act by filing or causing to be filed with the Commission any document or report which is not truthful, or by causing S & P National Corporation, Smith-Palmer Machine Corporation and Southwest International Corporation to omit to file, or by hindering, delaying or obstructing their filing of any document or report required of them by provisions of the Investment Company Act or Exchange Act or causing the three companies to violate Section 7 of the Investment Company Act, which prohibits any unregistered investment company from engaging in certain acts or transactions. While denying the allegations contained in the Commission's complaints in each of the two actions upon which the judgments were entered, Milton consented by stipulation to the entry of the judgments.

INDICTMENT NAMES V L NORWOOD. The SEC Atlanta Regional Office announced August 29 (Litigation Release No. 3798) the return of an indictment (USDC, Jacksonville, Fla.) charging Vernon Lee Norwood of Ormond Beach, Fla., with violations of the Securities Act anti-fraud provisions and Regulation T under the Securities Exchange Act, in connection with his transactions with customers of the firm of Atlantic Investment Securities, Inc., of which he was president, and controlling person.

THREE TRADING SUSPENSIONS CONTINUED. The SEC has issued orders suspending over-the-counter trading in securities of Coditron Corp., Subscription Television, Inc., and Tel-A-Sign, Inc., for the further ten-day period September 4-13, 1967, inclusive.

UNLISTED TRADING SOUGHT. The Philadelphia-Baltimore-Washington Stock Exchange has applied to the SEC for unlisted trading privileges in the \$3.50 cumulative 1st preferred stock of Radio Corporation of America; and the Commission has issued an order (Rel 34-8152) giving interested persons until September 18 to request a hearing thereon.

CITY INVESTING FILES EXCHANGE PLAN. City Investing Company ("City"), Tuxedo, N. Y. 10987, filed a registration statement (File 2-27199) with the SEC on August 31 seeking registration of 387,500 shares of common stock. City proposes to offer shares of its common stock for up to 2,325,000 shares of General Development Company common stock, in the ratio of one share of City common for each six shares of General common. Goldman, Sachs & Co., of 20 Broad St., New York, N. Y. 10005, will serve as manager of a group of dealers who will solicit acceptances of the exchange offer; and they will receive 25¢ for each share of General common exchanged through their efforts.

Until early in 1967, City was engaged in real estate operations. Its business was significantly changed to include Aerospace and Ordnance when it acquired Hayes International Corporation in March 1967 and American Electric, Inc., in July 1967. General's principal business is the development of large tracts of unimproved land into planned communities. If the exchange becomes effective, it is expected that the business of General will continue under its present management. In addition to indebtedness, City has outstanding 2,107,897 shares of common stock, of which Robert W. Dowling, board chairman, owns 10.4%, King & Co., 11.4%, and certain "Axe-Houghton" funds 11.7%. George T. Scharffenberger is president. City owns 1,247,702 shares (16.5%) of the outstanding shares of General.

SCIENTIFIC CONTROL FILES OFFERING PROPOSAL. Scientific Control Corporation, 14008 Distribution Way, Dallas, Texas 75234, filed a registration statement (File 2-27200) with the SEC on August 31 seeking registration of 200,000 shares of common stock, to be offered for public sale through underwriters headed by H. L. Federman & Co., Inc., of 50 Broadway, New York, N. Y. The offering price (\$15 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to reimburse the Federman firm for up to \$15,000 of its expenses and to sell to it for \$350, a two-year warrant to purchase 35,000 shares. Also included in the statement are \$250,000 of subordinated convertible debentures due 1972 which, according to the prospectus, may be issued and sold, prior to March 31, 1972.

Organized in April 1966, the company is engaged primarily in the design, assembly, manufacture, sale and maintenance of small, general purpose computers and data processing equipment, the components of which are manufactured by others in some instances. Net proceeds of its stock sale will be used in the modification and improvement of the company's present line of computers and to integrate the four models presently in production into existing data processing systems, to increase production facilities, to eliminate all short-term financing, and for working capital. The company now has outstanding 657,584 common shares, of which Ben Markowe of New York owns 12%, Vernitron Corp. of Long Island, 10.6% and management officials 15.6%.

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John B. Baird is president and Robert J. Bradley board chairman. According to the prospectus, 282,584 of the outstanding shares were acquired by the initial investors at prices ranging from 20¢ to \$2.50 per share; and an aggregate of 375,000 shares were acquired at \$2 per share upon the conversion of \$750,000 of debentures.

SPRAGUE ELECTRIC TO OFFER DEBENTURES. Sprague Electric Company, 87 Marshall St., North Adams, Mass. 01247, filed a registration statement (File 2-27201) with the SEC on August 31 seeking registration of \$25,000,000 of convertible subordinated debentures due 1992, to be offered for public sale through underwriters headed by Hornblower & Weeks-Hemphill, Noyes, 8 Hanover St., New York, N. Y. 10004, and F. S. Moseley & Co., 50 Congress St., Boston, Mass. 02109. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture, distribution and sale of electronic and electrical circuit components. Net proceeds of this financing will be used to repay all its short-term bank loans and commercial paper, aggregating \$18,000,000 at June 30; the balance will be added to general funds, to be available for working capital requirements, capital expenditures and other corporate purposes. In addition to indebtedness, the company has outstanding 3,364,135 common shares, of which Robert C. Sprague, board chairman and chief executive officer, and members of the Sprague family own 21%. Ernest L. Ward is president.

INTERNATIONAL ELECTRONICS FILES FOR OFFERING AND SECONDARY. International Electronics Corporation, 316 South Service Rd., Milville, Long Island, N. Y., filed a registration statement (File 2-27202) with the SEC on August 31 seeking registration of 250,000 shares of Class A common stock. Of this stock, 105,400 shares are to be offered for public sale by the company and 144,600 (being outstanding shares) by the present holders thereof. The offering price (\$8 per share maximum) and underwriting terms are to be supplied by amendment. Scheinman, Hochstin & Trotta, Inc., of 111 Broadway, New York, N. Y., is listed as the principal underwriter. The company and the selling shareholders have agreed to issue to the Scheinman firm five-year warrants to purchase 12,600 and 17,400 Class A shares respectively, and to pay the said firm \$22,500 as an expense allowance.

The company is engaged in the import, processing and marketing of certain electronic components, primarily electron receiving tubes (other than picture tubes) used for color and black and white television receivers, AM and FM radios and stereophonic and other high fidelity equipment, and capacitors used primarily in solid state (transistorized) electronic equipment. Net proceeds of its sale of additional stock will be added to the general funds of the company in order to improve its working capital position and reduce the need for short term borrowings. The company now has outstanding 995,600 Class A common shares, of which management officials own 53.6%. Benjamin B. Grossman, president, proposes to sell 62,300 of his holdings of 253,095 shares, and Mortimer Grossman, vice president, 62,300 of his holdings of 253,395 shares. Two others propose to sell 10,000 shares each.

RECENT FORM 8-K FILINGS. The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the Form was included in the August 2 News Digest.

Allied Equities Corp		Sigma Instruments Inc	
June 67 (2,13)	0-2121-2	Aug 67 (7,12,13)	1-5130-2
American Air Filter Co Inc		Synalloy Corp Aug 67 (12)	1-5200-2
Jul 67 (12,13)	1-5082-2	Whittier Guarantee Savings & Loan Association	
Buffonta Mines Ltd		May 67 (11)	0-2096-2
Sept 66 (1,11,13)	2-6732-2	Jun 67 (2,7,13)	0-2096-2
J W Carter Co May 67 (11)	1-2737-2	Wickes Corp Jul 67 (7,13)	1-3447-2
Colorcraft Corp May 67 (1,12)	0-1967-2		
Walter E Heller & Co		Aero Systems Inc	
Jul 67 (3,12)	1-2291-2	Amd #1 to 8K for Jun 67 (13)	2-25903-2
Oxford Finance Companies Inc		Central Telephone Co	
Aug 67 (7,13)	1-5053-2	Amd #1 to 8K for Jul 67 (7)	0-751-2
Prince Cons Mining Co		Commonwealth Oil Refining Co Inc	
Aug 67 (11)	1-1567-2	Amd #1 to 8K for Jul 67 (8)	1-4900-2
Publisher Industries Inc		Wickes Corp	
Aug 67 (13)	1-3315-2	Amd #1 to 8K for Jun 67 (7,8,13)	1-3447-2
Purolator Products Inc			
Aug 67 (12,13)	1-4728-2		

SECURITIES ACT REGISTRATIONS: Effective August 31: Applied Magnetics Corporation, 2-26987 (90 days); Atlantic Richfield Company, 2-27134; Financial Dynamics Fund, Inc. 2-26125; Morrison-Knudsen Company, Inc. 2-26822 (40 days); Viviane Woodard Corporation, 2-26951 (90 days); **Withdrawn August 31:** Traid Corporation, 2-26517.

NOTE TO DEALERS: The period of time dealers are required to use the prospectus in trading transactions is shown in parentheses after the name of the issuer.

*As estimated for purposes of computing the registration fee.