

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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HOMER E. KERLIN RESIGNS FROM PRACTICE. The SEC today announced the issuance of an order (Accounting Series Release No. 105) accepting the withdrawal from practice before the Commission of Homer E. Kerlin, a certified public accountant in Mobile, Ala. Proceedings had been ordered pursuant to Rule 2(e) of the Commission's Rules of Practice to determine whether a firm of certified public accountants, its senior partner (now deceased) and Kerlin, a partner, should be denied the privilege of practicing before the Commission because of alleged unethical or improper professional conduct in connection with the preparation and certification of financial statements of the Olen Company, Inc. and its successor, the Olen Division of H. L. Green Company, Inc., in 1958 and 1959.

The order for proceedings alleged that the financial statements and schedules prepared or certified by the accounting firm were materially false and misleading and did not, at the dates and for the periods stated, present fairly the financial position and results of operations of Olen Co. and its wholly-owned subsidiaries or of the Olen Division of Green Co. Among other things, it was alleged that the merchandise purchases and accounts payable were understated and merchandise inventories were grossly misstated at the dates of the several balance sheets, as were cost of sales, gross profits and net income for the fiscal periods then ended. It was further charged that the condition of the records was such that even a cursory examination of the merchandise voucher records, the disbursement records, the merchandise receiving records, the accounts payable or the merchandise inventory records would have disclosed the falsity of the accounts. A more detailed description of the discrepancies which comprise the charges is set forth in the Report of Staff Investigation attached to the Commission's order.

After the institution of these proceedings the senior partner of the firm died, the partnership having been dissolved prior thereto. The remaining respondent, Kerlin, without admitting the allegations against him, tendered his withdrawal from practice and agreed that he would not appear or practice before the Commission in the future, with the understanding that the proceedings would be dismissed as to him and that the Commission might issue a statement with respect to its action.

HEARING PROCEDURE RULES MODIFIED. The SEC has amended Rule 8 of its Rules of Practice to encourage to a greater extent the use of conferences in administrative proceedings before the Commission and to indicate in greater detail how such conferences might be used for the exchange of information and to simplify and expedite hearings and proceedings where practical and reasonable. The new rule codifies the practice and policy followed by the Commission for some time of making available to parties in administrative proceedings before it the prior statements of witnesses who have testified in the proceedings under the same circumstances and to the same extent as the prior statements of Government witnesses are available to defendants in the Federal District Courts under the Jencks Act, 18 U.S.C. 3500.

The Commission has also amended Rule 15 dealing with testimonial depositions to clarify and make its provisions more specifically consistent with the existing practice under that Rule. The language of the changes is in substance based on Rule 26(d) of the Rules of Civil Procedure and Rule 15 of the Rules of Criminal Procedure applicable in the Federal District Courts. (For further details, see Release 33-4842).

AIRMEDIA PROPOSES OFFERING. Airmedia, Inc., c/o Station WKUL, Cullman, Ala., filed a registration statement (File 2-25337) with the SEC on July 29 seeking registration of 300,000 shares of Class A common stock. The stock is to be offered for public sale at \$5 per share through Rentz & Co., 1606 Bank for Savings Bldg., Birmingham, Ala., which will receive a 15% selling commission. The company is also registering 300,000 warrants to purchase a like number of Class A common shares; the warrants are exercisable at \$5 per share. They are to be offered through the underwriter to certain purchasers and to certain of the licensed salesmen of the underwriter at \$.05 per warrant. According to the prospectus, the underwriter will receive an option to purchase 20,000 of such warrants.

Organized under Delaware law in 1965, a subsidiary, Cullman Broadcasting Co. Inc., owns and operates an AM radio station (WKUL, Cullman, Ala.). The subsidiary has contracted to lease a tower site facility to Rocket City Broadcasting Co., Inc., which currently has an application submitted to the Federal Communications Commission to construct and operate an AM radio broadcast facility in Huntsville, Ala. Net proceeds of the company's stock sale will be available for general corporate purposes, including the acquisition of additional radio, television, or community antenna television systems. In addition to indebtedness, the company has outstanding 27,650 Class A common and 79,550 Class B common shares, all of which were issued for the equivalent of \$2.50 per share. Hudson C. Millar, Jr., president, acquired 65,500 shares of the Class B and 14,500 Class A common shares in exchange for properties.

MITRON RESEARCH AND DEVELOPMENT FILES FOR OFFERING AND SECONDARY. Mitron Research & Development Corporation, 899 Main St., Waltham, Mass., filed a registration statement (File 2-25340) with the SEC on July 29 seeking registration of \$1,000,000 of 6% convertible subordinated debentures (due 1976). The debentures are to be offered for public sale at 100% of the principal amount through Myron A. Lomasney & Co., 67 Broad St., New York, which will receive a 10% commission. The company has also agreed to sell to the underwriters, for \$150, five-year warrants to purchase 15,000 shares of common stock; and it has agreed to pay Clement A. Burnhome \$10,000 as finder's fee and to sell to him, at an aggregate price of \$200,000 like warrants to purchase 20,000 common shares. In addition, the company is registering 30,000 outstanding shares of common

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stock, which the present holders thereof may offer for public sale from time to time at prices current at the time of sale (\$7 per share maximum*).

The company is engaged primarily in research and development in the field of materials engineering and science. Net proceeds of its debenture sale will be added to general funds, of which approximately \$100,000 will be used to discharge indebtedness of its recently acquired subsidiary, Rode, Inc.; \$50,000 will be advanced to the subsidiary; \$200,000 will be expended to develop certain processes; and the balance will be used for general corporate purposes. In addition to indebtedness, the company has outstanding 424,000 common shares, of which management officials own 40.8%. The prospectus lists three selling stockholders, as follows: Robert Alfred (director), 10,000 of 66,385 shares held; Marvin H. Frank (executive vice president) and Robert A. Rosenberg (president), each offering 10,000 of his holdings of 66,950.

S. B. PENICK & CO. FILES FOR SECONDARY. S. B. Penick & Company, 100 Church St., New York 10008, filed a registration statement (File 2-25342) with the SEC on July 29 seeking registration of 153,832 outstanding shares of common stock. The present holders thereof propose to offer the stock for public sale through underwriters headed by Reynolds & Co., 120 Broadway, New York 10005. The public offering price (\$25 per share maximum*) and underwriting terms are to be supplied by amendment.

The company's products include medicinal and industrial chemicals, botanical products, drugs and pharmaceuticals, agricultural chemicals and other chemicals. In addition to indebtedness, it has outstanding 1,076,638 common shares, of which management officials own 42.9%. The prospectus lists five selling stockholders, including S. Barksdale Penick, Jr. (board chairman), who is offering 43,132 of 172,530 shares held, and Albert D. Penick (president), 29,900 of 119,600. The remaining sellers are offering shares ranging in amounts from 23,625 to 29,450.

IOWA ELECTRIC LIGHT PROPOSES BOND OFFERING. Iowa Electric Light and Power Company, Security Bldg., Cedar Rapids, Iowa 52401, filed a registration statement (File 2-25347) with the SEC on August 1 seeking registration of \$15,000,000 of first mortgage bonds, Series J, due 1996. The bonds are to be offered for public sale at competitive bidding. The company will use the net proceeds of its bond sale, together with funds derived from a concurrent sale of 100,000 shares of preferred stock, in connection with its construction program.

BALL BROTHERS FILES FOR OFFERING AND SECONDARY. Ball Brothers Company Incorporated, 1509 S. Macedonia Ave., Muncie, Ind. 47302, filed a registration statement (File 2-25351) with the SEC on August 1 seeking registration of 459,100 shares of common stock. Of this stock, 350,000 shares are to be offered for public sale by the company and 109,100 shares (being outstanding stock) by the present holders thereof. The offering is to be made through underwriters headed by Blyth & Co., Inc., 14 Wall St., New York 10005, and Collett & Company, Inc., Fletcher Trust Bldg., Indianapolis, Ind. 46204. The public offering price (\$30 per share maximum*) and underwriting terms are to be supplied by amendment.

The company produces packaging products, industrial specialties, and aerospace and electronics products. Net proceeds of its sale of additional stock will be added to working capital. In addition to indebtedness, the company has outstanding 1,544,896 common shares, of which management officials own 3.75% and Elisabeth Ball 9.20%. The prospectus states that various descendants of the Ball brothers, and trusts, foundations and corporations in which they have interests own approximately 90% of the company's outstanding stock. The prospectus lists six selling stockholders, including Ball Brothers Foundation, which is offering 50,000 of 106,838 shares held, and Lucy Ball Owsley, 30,000 of 83,036. The remaining sellers are offering shares ranging in amounts from 1,100 to 13,000. Edmund F. Ball is board chairman and W. C. Schade is president.

BOBBIE BROOKS FILES FOR OFFERING AND SECONDARY. Bobbie Brooks, Incorporated, 3830 Kelley Ave., Cleveland, Ohio 44114, filed a registration statement (File 2-25353) with the SEC on August 1 seeking registration of \$10,000,000 of convertible subordinated debentures (due 1981). The debentures are to be offered for public sale through underwriters headed by Bache & Co., Inc., 36 Wall St., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company also filed a registration statement (File 2-25352) covering 75,000 outstanding shares of capital stock. The present holders thereof propose to offer these shares for public sale from time to time on the New York Stock Exchange at prices prevailing at the time of sale (\$32.50 per share maximum*).

The company is engaged in the manufacture and sale of fashion apparel primarily for girls and women. Of the net proceeds of its debenture sale, approximately \$3,000,000 will be applied to the repayment of short-term bank borrowings; \$1,200,000 will be used for property additions; and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 3,352,196 common shares, of which management officials own about 6%. Maurice Saltzman is president. The selling stockholders are Harry S. Ganz, who is offering 72,520 shares, and Norma Ganz, as trustee for Leslie Ganz, Steven Ganz, and Nancy Ganz, offering the balance of shares being registered. Upon completion of the sale, the selling stockholders will not own any stock of the company.

LTV AEROSPACE FILES FINANCING PROPOSAL. LTV Aerospace Corporation, 1600 Pacific Ave., Dallas, Tex. 75222, filed a registration statement (File 2-25354) with the SEC on August 1 seeking registration of \$50,000,000 of subordinated debentures (due 1986) and 850,000 warrants to purchase a like number of shares of common stock. The debentures and warrants are to be offered for public sale in units consisting of one \$1,000 debenture and warrants to purchase 17 common shares. The offering is to be made through underwriters headed by Lehman Brothers, One William St., New York 10004. The interest rate on the debentures, public offering price (\$1,020 per unit maximum*) and underwriting terms are to be supplied by amendment.

Organized under Delaware law in December 1964, the company succeeded to the business of designing, developing, and producing aerospace products and related testing range and service operations, formerly conducted by Ling-Temco-Vought, Inc. (LTV). Of the net proceeds of this financing, \$24,150,000 will be used to repay certain indebtedness and the balance will be available for general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 889,789 common and 2,693,575 Class B common shares. LTV acquired 306,425 common and all of the outstanding Class B common shares in exchange for the predecessor company's business. W. Paul Thayer is president of the company.

BELDEN & BLAKE PROPOSES OFFERING. Belden & Blake and Company Limited Partnership No. 16, 702 Tuscarawas St., West, Canton, Ohio 44702, filed a registration statement (File 2-25357) with the SEC on August 1 seeking registration of 100 units of participation in the partnership, to be offered for public sale at \$2,700 per unit. The partnership was organized under the Ohio law for the purpose of drilling oil and gas well locations in Ohio, where certain acreage can be acquired from Belden & Blake Oil Production, a general partnership. The latter is 75%-owned by Henry S. Belden, III, and Glenn A. Blake, general partners in the limited partnership. Belden and Blake will operate the business of the limited partnership.

EIGHT STOCK PLANS FILED. Form S-8 registration statements have been filed with the SEC by the following companies, seeking registration of securities for offering under employee and/or officer stock plans:

Pike Corporation of America, 621 S. Hope St., Los Angeles, Calif. 90017 (File 2-25335) (172,070 shares)
 Xerox Corporation, 700 Midtown Tower, Rochester, N. Y. 14604 (File 2-25349 - 1,583 shares)
 (File 2-25350 - 544 shares)
 Diamond Alkali Company, 300 Union Commerce Bldg., Cleveland, Ohio 44115 (File 2-25358) (180,000 shares)
 Servomation Corp., 777 Third Ave., New York 10017 (File 2-25359) (102,000 shares)
 Sunbeam Corporation, 5400 W. Roosevelt Rd., Chicago, Ill. 60650 (File 2-25360) (250,000 shares)
 DeLuxe Check Printers, Incorporated, 2199 N. Pascal Ave., St. Paul, Minn. 55113 (File 2-25361)
 (100,000 shares)
 Signode Corporation, 2600 North Western Ave., Chicago, Ill. 60647 (File 2-25362) (95,000 shares)

NATIONAL AVIATION SEEKS ORDER. National Aviation Corporation, New York, closed-end, non-diversified management investment company, has applied to the SEC for an order under the Investment Company Act authorizing it to purchase up to 16,000 shares of convertible preferred stock of Air Products and Chemicals, Inc., during the existence of an underwriting agreement with respect to a proposed public offering of 200,000 of such shares. The Commission has issued an order (Release IC-4659) giving interested persons until August 15 to request a hearing thereon. The application states that Howard E. Buhse, a director of National Aviation, is a partner of Hornblower & Weeks-Hemphill, Noyes, one of the principal underwriters of the public offering. In view thereof, any purchase of said preferred stock is prohibited by the Act absent the issuance of an exemption order by the Commission.

FOREIGN RESTRICTED LIST. Compressed Air Corporation Limited, a Bahamas corporation, has been added to the Commission's Foreign Restricted List (Release 33-4843). This increases to 74 the number of foreign 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.

SECURITIES ACT REGISTRATIONS. Effective August 1: Georgia-Pacific Corp., 2-25115; Harrisonburg Telephone Co., 2-25168 (90 days); Hess Oil & Chemical Corp., 2-25218 (40 days).
Effective August 2: Diamond Crystal Salt Co., 2-25169 (40 days); International Packers Limited, 2-25201 (40 days); Rexall Drug and Chemical Co., 2-25229 (40 days); Sealectro Corp., 2-25032.
Withdrawn August 2: Sonotronics, Inc., 2-24797.

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

*As estimated for purposes of computing the registration fee.

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