

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

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TRADING IN LEEDS SHOES SUSPENDED. The SEC announced on December 12 the suspension of over-the-counter trading in the common stock, 6% convertible subordinated debentures, preferred stock and other securities of Leeds Shoes, Inc. of Tampa, Florida for the 10-day period December 12, 1967 through December 21, 1967, inclusive.

The Commission has received information indicating that there are substantial questions concerning the adequacy and accuracy of reports and other filings made by Leeds with the Commission relating to the company's operations and financial condition. The Commission also noted that its staff has been unsuccessful in its efforts to contact Frank Garcia who, according to the company's most recent filings, was president and director of Leeds and owner of 26% of its common stock. The most recent filings of Rover Shoe Company of Bushnell, Fla., also name Garcia as president, director and owner of 26% of the outstanding stock of that company. In addition, these filings disclose that for the fiscal year ended June 30, 1967, Rover had sales in the amount of \$367,867 to Leeds of total sales in the amount of \$447,649.

Under the circumstances, the Commission determined to suspend trading in Leeds' securities pending clarification of the facts with respect to the company's operations and financial condition.

SCM CORP. RECEIVES ORDER. The SEC has issued an order granting an application filed by SCM Corporation, of New York, pursuant to Section 310(b)(1) of the Trust Indenture Act of 1939, with respect to the trusteeship of First National City Bank under an SCM indenture dated February 1, 1967, and the Bank's trusteeship under a 1958 indenture of The Glidden Company. In September 1967 Glidden was merged with and into SCM; and in connection with such merger SCM assumed the obligations under Glidden's \$23,995,000 of 4-3/4% sinking fund debentures due 1983 issued pursuant to the 1958 Glidden indenture. The Commission concluded that trusteeship of the Bank under the two indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Bank from acting as trustee thereunder.

GEORGE PUTNAM FUND RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-5198) authorizing The George Putnam Fund of Boston, to issue its shares at other than the public offering price for substantially all the assets of Thorpe Investment Company.

GLEN ALDEN CORP. RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5199) approving an application of Glen Alden Corporation, New York, with respect to its proposed purchase, at \$51 per share, of 399,800 shares of Stanley Warner Corporation common stock from the Puritan Fund, Inc., and 105,700 shares from The Fidelity Trend Fund, Inc., representing 11.8% of the total number of Stanley Warner shares outstanding.

SEC JOINS CHAPTER X CASE. The SEC has filed notice of appearance in Chapter X proceedings for the reorganization of Federal Shopping Way, Inc., pending in the Federal court in Seattle (Release CR-267). An involuntary reorganization petition filed by creditors has not yet been acted upon by the court. Previously, in an injunctive action filed by the Commission based upon alleged securities violations, the court granted the Commission's motion for a preliminary injunction and appointed a receiver for the said company.

The debtor was engaged in the business of developing and operating a shopping center and recreational real estate complex adjoining the shopping center. According to an unaudited balance sheet as of January 31, 1967, total assets were \$7,330,000, including land and buildings carried at \$6,527,000 at cost (net of depreciation). Liabilities totalled \$11,830,000 including secured debt of \$6.2 million and subordinated debentures in the amount of \$3.6 million. The common stock and debentures, which were sold together in units, are held by approximately 2,400 public investors. Investment contracts and interests in profit-sharing agreements relating to the recreational complex are held by approximately 2,500 public investors.

ROBERT S. CHAPPELL, OTHERS, ACQUITTED. The SEC Chicago Regional Office announced December 11 (LR-3883) that a Federal court jury in Indianapolis, Ind. had returned a verdict of not guilty against Robert S. Chappell, Bennie L. Ritchison, Investment Corporation of America, and Chappell Securities Corporation with respect to various counts of an indictment which charged them with violations of the anti-fraud provision of the Securities Act in connection with the offer and sale of the common stock of Air & Space Underwriters, Inc. All other defendants except Arthur J. Pasmaz (who was severed for trial at a later date) have been previously found guilty by a jury or entered pleas of guilty or nolo contendere.

DATAMATION SERVICES FILES FOR SECONDARY. Datamation Services, Inc., 461 Eighth Ave., New York 10001, filed a registration statement (File 2-27830) with the SEC on December 12 seeking registration of 150,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. The offering is to be made through underwriters headed by W. C. Langley & Co., 115 Broadway, New York 10006; the public offering price (\$14 per share maximum*) and underwriting terms are to be supplied by amendment.

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The company provides a variety of data processing services for industrial and other organizations, including educational institutions and hospitals. It has outstanding 500,000 common shares, all held by Thomas T. Connors, president, and five other officials. Morris Abrams, a director, proposes to sell 94,000 of his holdings of 104,500 shares; others propose to sell shares ranging in amount from 7,000 to 14,000.

CAREFREE RESORTS PROPOSES CONDOMINIUM UNIT OFFERING. Carefree Resorts, Inc., 805 High St. NE, Salem, Oregon and McMillan Inns, Inc., 369 Heathman Hotel, Portland, Oregon, filed a registration statement (File 2-27829) with the SEC on December 11 seeking registration of 152 condominium residential resort apartment units (\$5,764,000 in amount) and 152 interests in a joint venture of condominium owners to rent said condominium units as hotel units when the owner is not in residence.

Carefree Resorts will offer the 152 condominium residential resort apartment units. In conjunction therewith McMillan Inns will offer the 152 interests in a joint venture. The price of the individual units will range from \$33,500 to \$75,000.

Carefree Resorts was organized on December 19, 1966 to design, develop, sell, construct, and deliver condominiums to the unit owners. Peter M. Gunnar and Judith A. Burkhart are its shareholders and directors. The buildings are to be constructed on leased privately owned land inside the Deschutes National Forest, in Deschutes County, Oregon, owned by Sunriver Properties, Inc. and Quominus, Oreg. Ltd. McMillan Inns, Inc. (formerly Carefree Resort Managers, Inc.) was organized on February 8, 1967 to manage condominium resort motels and hotels. Peter M. Gunnar is board chairman and Judith A. Burkhart is president.

NORTHWESTERN BELL TELEPHONE PROPOSES DEBENTURE OFFERING. Northwestern Bell Telephone Company, 100 S. 19th St., Omaha, Nebr. 68102, filed a registration statement (File 2-27831) with the SEC on December 12 seeking registration of \$100,000,000 of debentures, due 2007, to be offered for public sale at competitive bidding.

Net proceeds of the company's sale of debentures will be applied toward repayment of some \$127,000,000 of advances from American Telephone and Telegraph Company (its parent). Construction expenditures are estimated at \$160,000,000 for 1967 and are expected to be somewhat higher for 1968. A. F. Jacobson is president.

AMERICAN UNITED LIFE FILES. American United Life Pooled Equity Fund B, 30 West Fall Creek Parkway, Indianapolis, Ind. 46208, filed a registration statement (File 2-27832) with the SEC on December 11 seeking registration of \$20,000,000 of group variable annuity contracts. The company is a segregated investment account established by American United Life Insurance Company ("AUL") for the issuance of group variable annuities which qualify as "tax sheltered annuities" for the federal income tax deferral benefits provided for in Section 403(b) of the Internal Revenue Code. Its primary objective is to achieve long-term growth of capital. AUL is offering its group variable annuities to the employees of those tax exempt or public school organizations which have entered into group variable annuity contracts with AUL which call for the deposit of net contributions in Fund B.

CHEMICAL MILLING INTERNATIONAL PROPOSES DEBENTURE OFFERING. Chemical Milling International Corporation, 1330 E. Franklin Ave., El Segundo, Calif. 90245, filed a registration statement (File 2-27833) with the SEC on December 12 seeking registration of \$500,000 of 6-3/4% convertible subordinated debentures, due 1978. The debentures are to be offered for public sale, at 100% of principal amount, through underwriters headed by H. L. Federman & Co. Inc., 50 Broadway, New York 10004. The underwriting terms are to be supplied by amendment.

The company is primarily engaged in the business of chemical milling production of various metals and the manufacture of etched circuits. Of the net proceeds of its sale of debentures, \$340,000 will be used for capital investment in hot forming, conventional forming, and fabricating equipment, and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 171,035 capital shares, of which management officials own 33.4% (including 19.1% owned by Robert Vulcan, secretary-treasurer). E. Lawrence Brevik is president.

MARKHAM PUBLISHING PROPOSES OFFERING. Markham Publishing Company, 863 N. Dearborn St., Chicago, Ill. 60610, filed a registration statement (File 2-27828) with the SEC on December 11 seeking registration of 100,000 shares of Class A stock. Of this stock, 55,000 shares are to be offered for public sale by the company at \$6.00 per share, but only in units consisting of 100 shares each, and 45,000 shares will be reserved for sale from time to time to authors who deal with the company. No underwriting is involved.

The company is engaged in the acquisition and publication of textbooks and scholarly and professional manuscripts in mathematics, the social sciences, and related fields. Net proceeds of its stock sale (together with a \$60,000 short term bank loan) will be added to working capital and used in connection with the company's business. In addition to indebtedness, the company has outstanding 43,800 Class A shares and 33,000 Class B shares; management officials own 78.5% of the Class A and all of its outstanding Class B. John L. Applegath is president and John D. Bossons is board chairman. According to the prospectus, if all shares offered are sold, the public will own 76.1% of the outstanding Class A shares, for which it will have paid \$641,200, and officers, directors, and promoters of the company will own 23.9% of the Class A shares and all of the outstanding Class B, for which they will have paid \$68,000.

SECURITIES ACT REGISTRATIONS. Effective December 12: Aerodex, Inc., 2-27251 (90 days); American Guaranty Life Insurance Co., 2-27375 (90 days); Chester Electronic Laboratories, Inc., 2-27590 (40 days); Control Data Corp., 2-27645 (40 days); Essex Systems Company, Inc., 2-27491 (90 days); The International Silver Co., 2-27700 (40 days); Komatsu Manufacturing Co., Ltd., 2-27593 (Mar 12) and 2-27594; Madison Square Garden Corp., 2-27518 (40 days); The Offshore Co., 2-27654 (90 days); Ralston Purina Co., 2-27742 (40 days); Stylon Corp., 2-27579 (40 days); VWR United Corp., 2-27676.

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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