

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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VIOLATIONS CHANGED TO MILLER SMITH & CO. The SEC has ordered proceedings under the Securities Exchange Act of 1934 to determine whether Miller Smith & Co., Inc. ("Respondent"), Farmers Union Bldg., Denver, violated the anti-fraud or other provisions of the Federal securities laws and, if so, whether its broker-dealer registration should be revoked.

According to the Commission's order, Respondent, which has been registered with the Commission as a broker-dealer since January 7, 1961, together with Joseph W. Hicks, president, and George K. Neujahr, general manager, were enjoined by Federal court order of May 24, 1961, from engaging in and continuing certain acts and practices in connection with the sale of securities. The order further asserts that between the two dates several changes in management officials occurred and Respondent's registration application was not amended to reflect such changes, to wit: Donald L. Smith ceased to be a director and president; Hicks ceased to be vice-president and became president; Harold N. Miller ceased to be a director and vice-president; and Gordon A. Jemm ceased to be a director and secretary. Nor was the application amended to reflect the fact that during said period Hicks became the beneficial owner of 10% or more of Respondent's stock.

It is further charged in the Commission's order that since its registration Respondent, together with Hicks and Neujahr, engaged in acts, practices and a course of business which operated as a fraud and deceit upon certain persons, in that they made false and misleading representations in the offer and sale of Consolidated Oil and Gas Company stock, namely, that such stock would be listed on the New York Stock Exchange about June 1961 and that Respondent was ready, willing and able to perform contracts to buy and sell securities at specified prices. Respondent also is charged with inducing certain customers to purchase securities during the period March 17 to 22, 1961, and obtained money from customers in payment therefor, but did not deliver the securities and appropriated the money to its own use and benefit. Moreover, according to the order, since January 7th Respondent failed to make and keep current its books and records as required by Commission rules and engaged in the conduct of a securities business during the period March 17 to April 10, 1961, in violation of the Commission's net capital rule.

A hearing will be held to take evidence on the foregoing at a time and place later to be determined. (Note to Press: Copy of foregoing also available in SEC Denver Regional Office)

AUTOMATIC CANTEEN PROPOSES DEBENTURE OFFERING. Automatic Canteen Company of America, Merchandise Mart Plaza, Chicago, Illinois, filed a registration statement (File 2-18295) with the SEC on June 14th seeking registration of \$12,000,000 of sinking fund debentures due 1981, to be offered for public sale through underwriters headed by Glore, Forgan & Co. The interest rate, public offering price and underwriting terms are to be supplied by amendment. According to the prospectus, delivery and payment for the new debentures will be contingent upon the issuance by the company of \$22,800,000 of convertible subordinated debentures due 1981 which are to be offered by a separate prospectus (File 2-18192), filed with the Commission on May 26, 1961.

The company is engaged in various phases of the automatic merchandising business including the development, manufacture and sale of vending machines, the leasing of such machines to independent franchised distributors, the purchase and sale of merchandise to such distributors, the operation and servicing of vending machines in certain territories and the manufacture, sale and lease of coin-operated automatic phonographs and accessories. It has formed a new plastic division to produce plastic cups for dispensing hot and cold liquids through its own vending machines. By its recent acquisition of (1) Nationwide Food Service, Inc., the company has expanded its business into the field of food service management and contract catering, (2) Commercial Discount Corporation and Hubshman Factors Corp., the business of financing the operations of business firms, and (3) A. B. T. Manufacturing Corp., the manufacturing of coin and bill changers and slug rejectors. The net proceeds from the sale of the sinking fund debentures will initially be added to general funds. In the course of the next year it is expected that a large portion thereof will be used for capital additions, principally for coin-operated devices such as vending machines and bill changers, and the balance added to working capital.

In addition to various indebtedness, the company has outstanding 6,415,787 shares of common stock, of which management officials as a group own 17%. Frederick L. Schuster is listed as board chairman, Nathaniel Leverone as founder board chairman, and John W. Cox as president.

ADR's FOR ULTRA ELECTRIC (HOLDINGS) LTD. FILED. Morgan Guaranty Trust Company of New York, 140 Broadway, New York, filed a registration statement (File 2-18296) with the SEC on June 13th seeking registration of American Depositary Receipts for 80,000 ordinary registered shares of Ultra Electric (Holdings) Limited (of England).

DORNOST PUBLISHING FILES FOR STOCK OFFERING. Dornost Publishing Company, Inc., 43 West 61st Street, New York, filed a registration statement (File 2-18297) with the SEC on June 14th seeking registration of 100,000 shares of common stock, to be offered for public sale at \$1 per share. The offering will be made on an all or none basis through underwriters headed by Globus, Inc. and Harold C. Shore & Co., Inc., which will receive a 12¢ per share commission and \$5,000 for expenses. The registration statement also includes

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30,000 common shares and 50,000 5-year warrants, exercisable at \$1 per share, such shares and warrants having been sold for an aggregate of \$30,100 to a limited group associated with the principal underwriters.

Organized in August 1959, the company is engaged in the publication of a monthly magazine entitled "The National Real Estate Investor," publication of which commenced in September 1959. The magazine is a professional real estate publication dealing with the problems and matters of special interest to the entire real estate industry. Net proceeds from the stock sale will be added to general funds to be available for additional working capital to be used to employ additional personnel to embark on subscription and advertising campaigns to attempt to substantially increase the magazine's subscriptions and advertising. It is also planned to increase the editorial staff to provide more intensive coverage of the industry.

The company has outstanding (after giving effect to a recent 2000-for-1 stock split) 230,000 shares of common stock, of which Alexander Segal, board chairman, and Joseph Shore, president, own 43.5% each, and management officials as a group 87.8%. Such outstanding shares have a present book value of about 15¢ per share. The shares owned by Segal and Shore were purchased at about 7½¢ per share.

CONTINENTAL CAN FILES STOCK PLANS. Continental Can Company, Inc., 100 East 42nd Street, New York, filed a registration statement (File 2-18298) with the SEC on June 14th seeking registration of 570,806 shares of common stock, to be offered under the company's Employees' Stock Purchase Plans 1 and 2.

EDO FILES FOR SECONDARY. Edo Corporation, 14-04 111th Street, College Point, New York, filed a registration statement (File 2-18301) with the SEC on June 14th seeking registration of 108,971 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Paine, Webber, Jackson & Curtis and Kidder, Peabody & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company and its subsidiaries are engaged in the design, development and manufacture of a variety of items of electronic and electrical equipment and components, specializing in marine (both surface and under-sea) and airborne devices, and in the design, development and manufacture of specialized sheet metal products for use in ships, submarines and aircraft. In addition to certain indebtedness, the company has outstanding 776,998 shares of common stock, of which Jerry A. Mathews, Jr., a vice president, owns 76,404 shares and proposes to sell 33,000 shares; Archibald M. Brown, Jr. and William R. Ryan, vice presidents, and Noel B. McLean, president, own 71,799, 66,136 and 67,490 shares, respectively, and propose to sell 20,000 shares each; and four others propose to sell amounts ranging from 371 to 10,000 shares.

SWINGLINE FILES FOR SECONDARY. Swingline Inc., 32-00 Skillman Avenue, Long Island City, New York, filed a registration statement (File 2-18302) with the SEC on June 14th seeking registration of 200,000 outstanding shares of Class "A" stock, to be offered for public sale by the holders thereof through underwriters headed by Paine, Webber, Jackson & Curtis. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes an additional 10,000 outstanding Class "A" shares which underlie a 30-day option granted the underwriter, exercisable at the public offering price.

The company and its wholly-owned subsidiary, Ace Fastener Corp., design, manufacture and sell stapling machines and staples for business, home and school use, as well as certain other office supplies. A majority owned subsidiary, Wilson Jones Company, manufactures and distributes nationally a diversified line of record-keeping and other commercial stationery supplies. In addition to certain indebtedness, the company has outstanding 334,218 Class "A" shares and 715,782 Class "B" shares, of which latter stock, Jack Linsky, president, and Belle Linsky, his wife and company treasurer, own 357,891 shares (50%) each and, upon conversion into Class "A" shares, propose to sell 105,000 shares each. They will thus retain 252,891 Class "B" shares each or 50% of the 505,782 shares to be outstanding.

THERMO-CHEM FILES FOR OFFERING AND SECONDARY. Thermo-Chem Corporation, Noeland Avenue, Pennel, Pa., filed a registration statement (File 2-18300) with the SEC on June 14th seeking registration of 130,000 shares of common stock, of which 100,000 shares are to be offered for public sale at \$4.50 per share by the issuing company. Such shares will be offered on a best efforts basis through Best and Garey Co., Inc., which will receive a 63¢ per share selling commission and \$22,500 for expenses. The remaining 30,000 shares are now outstanding and may be offered for public sale later by the holders thereof. The registration statement also includes 15,000 common shares which underlie a 5-year option to be issued to the underwriter for the purchase of 1½ shares for each 10 shares sold, exercisable at 5¢ per share.

The company was organized in 1961 to engage in the research, development, manufacture and sale of a coating for fabrics and other types of materials in order to impart fire retardant and heat resistant characteristics to the material coated. The net proceeds from the stock sale, estimated at \$344,500 if all shares are sold, will be used to repay a loan, to purchase machinery and equipment, for research and development, for administrative and sales development expenses and inventory, and for general working capital and operating expenses.

In addition to certain indebtedness, the company has outstanding 105,000 shares of common stock, of which Ephraim H. Royfe and Martin J. Lesse, directors, own 24,125 shares each and propose to sell 4,000 and 5,000 shares, respectively; and five other selling stockholders propose to sell amounts ranging from 1,000 to 10,000 shares. Lee H. Gehman is listed as president and John A. Sadden as vice president and owner of 28.57% of the outstanding stock. After the sale of new and outstanding stock, according to the prospectus, present stockholders will own 51.2% of the company's outstanding stock for no cash expenditure, and the public will own 48.8% at a cost of \$450,000.

FIF MANAGEMENT SEEKS ORDER. FIF Management Corporation, of Denver, Colorado, has filed an application for an exemption order under the Investment Company Act; and the Commission has issued an order (Rel. IC-3275) giving interested persons until June 28th to request a hearing thereon. Applicant is registered as an investment adviser under the Investment Advisers Act of 1940 and as a broker-dealer under

the Securities Exchange Act of 1934. It acts as investment adviser to and principal underwriter for certain registered investment companies. About 32.7% of its common stock is owned by Townsend Management Corporation which recently consented to a permanent injunction against violations of certain provisions of the Investment Company Act. Because of such injunction and applicant's affiliation with Townsend Management by reason of the stock ownership, applicant is disqualified from serving as an investment adviser to and principal underwriter for registered investment companies in the absence of an exemption relieving it of such disqualification. In support of its request for such an order, applicant asserts among other things that the disqualification is effected by circumstances over which it has no control; that disposition of its stock by Townsend Management can be made only with approval and upon order of the court; that Townsend Management does not and will not exercise any actual control over or influence the policies or decisions of applicant, by reason of the fact that about 59% of its outstanding stock is held by a voting trust; and that the disqualification is unduly severe and that the conduct of applicant has been such as to make it not inappropriate in the public interest to grant the requested exemption.

ADVANCE: FOLLOWING FOR RELEASE JUNE 16th. The SEC and the Federal Trade Commission announces, for Friday morning papers, that sales and earnings of U. S. manufacturing corporations declined in the first quarter of 1961. Sales for this period were estimated at \$82.6 billion and profit after taxes at \$2.9 billion, both below the levels reported for the first and fourth quarters of last year. The larger declines generally occurred in the durable goods industries. Profits after taxes were at their lowest level in almost three years.

INDICTMENT NAMES SIX IN SALE OF ESTATES INC. STOCK. The SEC Seattle Regional Office announced June 12th (LR 2045) the return of an indictment (USDC, Tacoma, Wash.) charging James E. Caine, Herman W. McCune, J. Ashton Cosby, John H. Edwards, Lyle R. Dedmore and Gerald G. Dedmore with fraud and conspiracy in the sale of stock of Estates, Inc. (Nev.) and its successor, Estates Life of Washington (Wash.).

SEC COMPLAINT NAMES KORMEL INC., OTHERS. The SEC San Francisco Regional Office announced June 12th (LR 2046) the filing of a complaint (USDC Nev.) seeking to enjoin further sale of stock of Kormel, Inc., of Reno, Nev., in violation of the Securities Act anti-fraud provisions. Named as defendants with the issuing company were Ralph Lee Knight, C. Marguerite Knight and J. R. (Rod) Knight, all of Reno.

CAMBRIDGE GROWTH FUND WITHDRAWS APPLICATION. Cambridge Growth Fund, Inc., New York investment company, has withdrawn its exemption application under the ICA which proposed an investment of \$10,000 in Microwave Associates, Inc., stock (Rel. IC-3273).

CENTENNIAL FUND SEEKS ORDER. Centennial Fund, Inc., Denver investment company, has filed an application for an exemption order under the Investment Company Act with respect to its proposed purchase of The Gas Service Company; and the Commission has issued an order (Release IC-3274) giving interested persons until June 28th to request a hearing thereon. According to the application, Centennial Fund proposes to issue its shares at their net asset value for substantially all of the cash and securities of Gas Service, a private investment company having two shareholders whose total assets approximated \$211,132 as of January 31, 1961.

LEASE PLAN INTERNATIONAL FILES FOR OFFERING AND SECONDARY. Lease Plan International Corp., 9 Chelsea Place, Great Neck, New York, filed a registration statement (File 2-18299) with the SEC on June 14th seeking registration of 125,000 shares of common stock, of which 40,000 shares are to be offered for public sale by the company and 85,000 shares, being outstanding stock, by the present holders thereof. The offering will be made on an all or none basis through underwriters headed by Hayden, Stone & Co. The public offering price and underwriting terms are to be supplied by amendment. The registration statement also includes an additional 52,632 shares issuable upon conversion of \$1,000,000 of outstanding debentures (holders of \$500,000 of the debentures have indicated an intention to convert same into 26,316 shares and offer the shares for sale in the over-the-counter market); 10,000 shares owned by Fidelity Capital Fund, Inc.; 1,803 owned by Samuel Schulman; 1,400 owned by Harold S. Cohen; and 8,500 which were or may be purchased by partners or former partners of Hayden, Stone and members of their families and one employee of the firm upon exercise of an option sold by stockholders in August 1959.

The company is engaged in the fleet leasing of trucks and cars, the leasing of trucks, cars and other equipment on a single or multiple-unit basis, and in the operation of trucks as a contract carrier. It also furnishes consultant and management services concerning fleet vehicle operations of other industrial and financial corporations. Of the net proceeds from the company's sale of additional stock, \$325,000 will be applied to the repayment of short-term bank loans; \$370,000 to repay demand loans made to the company during 1960 and 1961 by H. L. Meckler, board chairman and president; \$40,000 to repay demand loans made during 1961 to a subsidiary, Your Car Leasing Co., by its president, Sam Goldman; and the balance as working capital. The said loans were used for working capital purposes.

In addition to certain indebtedness, the company has outstanding 624,621 shares of common stock, of which Meckler owns 20.9% and trustees for the benefit of his children 7.5%. The prospectus lists 8 selling stockholders who propose to sell amounts ranging from 5,000 to 30,000 shares. Management officials as a group own 164,647 shares (26.4%). One director, Samuel Schulman, proposes to sell 30,000 of his holdings of 31,803 shares, after which he expects to resign as a director.

SECURITIES ACT REGISTRATION. Effective June 15: Perini Corporation (File 2-17384); Beryllium Manufacturing Corp. (File 2-17649); Microdot, Inc. (File 2-17708); The Williamhouse, Inc. (File 2-17809); Standard Security Life Insurance Company of New York (File 2-17810); Julie Research Laboratories (File 2-17836); The Toledo Plaza Limited Partnership (File 2-17928); M & F Graphic Arts and Industrial Photographic Supply Company (File 2-18051); and Gimbel Brothers, Inc. (File 2-18095).