

# 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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**PANACOLOR STATEMENT QUESTIONED.** The SEC has ordered administrative proceedings under the Securities Act of 1933 involving a registration statement filed by Panacolor, Inc., of 100 East 42d St., New York. Panacolor's registration statement, filed in June 1966, covered 820,031 shares of its common stock; of this stock, 369,500 were to be offered for public sale for the account of certain selling stockholders, 264,281 are reserved for issuance upon the conversion of outstanding notes and debentures, 102,250 are reserved for issuance upon the exercise of options, and 84,000 shares are reserved for issuance upon the exercise of outstanding warrants.

The proceedings are based upon allegations by the Commission's Division of Corporation Finance that the company's registration statement and prospectus omit to state certain material facts required to be disclosed therein, or necessary to make statements therein not misleading. The alleged "deficiencies" in the registration statement relate primarily to the description of the company's business, particularly with respect to the status of its patents and patent applications. The Division also questions disclosures in the prospectus about the apparent economic or competitive advantages of the Panacolor Process over other color processes.

A hearing has been scheduled for April 17, 1967, to take evidence on the staff charges and afford Panacolor an opportunity to offer evidence in defense of the charges, for the purpose of determining whether the staff charges are true and, if so, whether a "stop order" should be issued suspending the Panacolor registration statement.

**4TH QUARTER PROFITS REPORTED.** The SEC and the Federal Trade Commission report (for April 7 Newspapers) that sales of U.S. manufacturing corporations totaled \$145.6 billion in the fourth quarter of 1966, 6 percent above the third quarter and 10 percent higher than in the fourth quarter of 1965. Profits after taxes amounted to \$7.9 billion for the fourth quarter of last year, a 7 percent increase over the third quarter and 6 percent above the corresponding quarter of 1965.

The fourth quarter gains in sales and earnings resulted in part from seasonal patterns in the durable goods industries and, after allowance is made for seasonal influences, sales appear to be moderately above the third quarter while after-tax profits were little changed over the period. The profit margin for manufacturing corporations -- earnings after taxes per dollar of sales -- was 5.4 cents in the fourth quarter of 1966, the same as in the third quarter and somewhat lower than the 5.7 cents in the fourth quarter of 1965. The rate of profit on stockholders' equity was 13.4 percent in the October-December period compared with 12.7 percent in the third quarter and 13.7 percent in the corresponding quarter of 1965. Sales for the full year 1966 totaled \$554 billion, 13 percent above 1965. After-tax profits for the year amounted to \$30.9 billion, 12 percent above the \$27.5 billion total for 1965.

Manufacturing corporations paid out \$13 billion in dividends during 1966, up from \$12 billion in 1965. Internally generated funds -- earnings retained for use in the business and depreciation charges -- totaled \$35.6 billion last year, \$4.3 billion higher than in 1965. The proportion of manufacturers' total long-term financing which was obtained from internal sources declined to 80 percent in 1966 from about 85 percent in 1965 and more than 90 percent in 1964; this reflects the continued increase in capital raised through the securities markets and the continuing high level of bank borrowings. For further details, see Stat. Release No. 2195.

**PENSION FUND ASSETS GROW.** The SEC announces (for April 7 Newspapers) that assets of private noninsured pension funds continued to grow, but at a reduced rate in 1966, and at the end of the year amounted to approximately \$64 billion book value. The increase in assets in 1966 was somewhat less than in 1965 -- \$5.9 billion compared to \$6.2 billion. Once again, as has been the case in each of the last five years, noninsured pension funds added more stock to their portfolios than did mutual funds and insurance companies combined.

At the end of the year pension fund investments in corporate securities amounted to more than \$53 billion, or about 83 percent of total assets at book value. Common stock investments gained \$3.8 billion and by the end of 1966 exceeded \$28 billion. Corporate bonds, up \$1.8 billion in 1966, aggregated \$24 billion by the end of the year. In the last decade common stock holdings have increased sevenfold while the investment in corporate bonds has about doubled. Pension fund investments in mortgages have continued to gain in importance reaching nearly \$4 billion in 1966, a gain of \$500 million for the year. Other assets, chiefly real estate investments and income receivable, aggregated \$3.2 billion at the end of 1966, a gain of about \$400 million for the year. United States Government securities holdings by the pension funds were reduced \$500 million and totaled \$2.6 billion at the end of 1966. Cash and deposits and preferred stock remained at about the same levels as last year, \$900 million and \$800 million, respectively. For further details, see Stat. Release No. 2194.

**COMPLAINT CITES H. L. RODGER & BRO., OTHERS.** The SEC Chicago Regional Office announced March 28 (LR-3678) the filing of a complaint seeking to enjoin H. L. Rodger & Bro., Roy A. Minger (a partner), H. L. Rodger & Co., Inc., and John O. Pini (president of the latter firm) from further violations of the Commission's net capital rule and failure to disclose their insolvent condition. The complaint also sought to enjoin H. L. Rodger & Co. from further violations of the Exchange Act registration requirements. The Commission also seeks the appointment of a receiver for the assets of the two Rodger firms.

**COMPLAINT CITES WEST VUE MINES, OTHERS.** The SEC Seattle Regional Office announced March 29 (LR-3679) the filing of a complaint (USDC, Boise, Idaho) seeking to enjoin West Vue Mines, Inc., Kanthackit Mines, Inc., Joseph L. Baker (executive vice president of both companies), and Norman Robertson (president of both companies) from further violations of the Securities Act anti-fraud and registration provisions in the sale of pre-incorporation interests of West Vue Mines and common stock of Kanthackit Mines.

**BASIN DRILLING AND EXPLORATION, OTHERS ENJOINED.** The SEC Chicago Regional Office announced March 30 (LR-3680) the entry of a Federal court order (USDC, Detroit) seeking to enjoin Basin Drilling and Exploration, Inc., Arvid E. Kallen, Jr., Jesse B. Kallen, d/b/a Centerville Drilling Project, and David R. Hughes from further violations of the Securities Act registration provisions in the sale of interests in oil and gas leaseholds located in Illinois, Kansas and Ohio. The defendants consented to the entry of the injunction.

**ANDERSON, BAILOR, OTHERS ENJOINED.** The SEC Seattle Regional Office announced March 30 (LR-3681) the entry of a Federal court order (USDC, WD Wash.) enjoining Edwin V. Anderson, W. E. Bailor, W. Warren Wilson, and Pacific Oil Brokers, Inc., from further violations of the Securities Act registration and anti-fraud provisions in the sale of interests in oil and gas leases located in Clay County, Ill.

**VICTOR MANEIKIS ENJOINED.** The SEC Chicago Regional Office announced March 31 (LR-3682) the entry of a Federal court order (USDC, Detroit) permanently enjoining Victor Maneikis, individually and d/b/a Independent Oil Investors, from further violations of the Securities Act registration provisions in the sale of interests in oil and gas leaseholds located in Ohio. Maneikis consented to the entry of the injunction.

**S W INDUSTRIES PROPOSES NOTE OFFERING.** S W Industries, Inc., 181 Oak St., Newton, Mass. 02164, filed a registration statement (File 2-26273) with the SEC on March 31 seeking registration of \$2,500,000 of convertible subordinated notes due 1982. The notes are to be offered for public sale at 100% of the principal amount, through underwriters headed by Fulton, Reid & Staples, Inc., 2100 E. Ohio Bldg., Cleveland, Ohio 44114. The interest rate and public offering price are to be supplied by amendment.

The company supplies rubber and plastic covered rolls used primarily in the paper, textile and plastic industries, and manufactures bowling balls as well as material handling systems, chemical processing equipment, food processing equipment and ice tools and machinery. Of the net proceeds of its note sale, \$600,000 will be used to pay part of the costs of constructing and equipping the company's new plants in Ruston, La., and Spartanburg, S. C.; \$1,425,000 will be used for the construction of and equipping the company's new roll covering plant in Kelso, Wash.; and the balance will be added to working capital. The company has outstanding 429,844 common shares, of which management officials own 5.7%. D. W. Stapleton is board chairman and president.

**FEDERAL REALTY INVESTMENT FILES PROPOSAL.** Federal Realty Investment Trust, 1250 Connecticut Ave., N.W., Washington, D. C. 20036, filed a registration statement (File 2-26279) with the SEC on March 31 seeking registration of 150,000 shares of beneficial interests in the Trust, together with 75,000 warrants to purchase a like number of shares. The securities are to be offered for public sale in units of 100 shares and 50 warrants, at \$625 per unit; the offering is to be made through Investor Service Securities, Inc., which will receive a \$60-per-unit selling commission. The warrants will be exercisable at a price of \$.50 per share below the then market selling price but not more than \$7 per share. The company is also registering 24,500 shares of beneficial interest which underlie outstanding warrants.

In addition, the Trust proposes to offer 76,700 shares of beneficial interests, 38,350 warrants and \$54,625 in exchange for Falls Plaza Shopping Center, Falls Church, Va., owned by Falls Plaza Limited Partnership; it is also registering 7,680 shares and 3,840 warrants to cover selling commissions. The offer is subject to the acceptance thereof by partners owning at least 60% of the total partnership interests. Also being registered are 150,000 shares of beneficial interests and 75,000 warrants, which are to be offered in exchange for interests in real property at an exchange price of \$6.25 per share with accompanying warrant right.

The prospectus states that during 1966 the Trust sold 28,100 shares and 14,050 warrants in units comprising 100 shares and 50 warrants at \$600 per unit. As a result of "certain outdated financial and other information in the Trust's prospectus dated July 7, 1965, these shares and warrants may have been issued in violation of a provision of the Securities Act." Because of this, the Trust proposes to offer to the holders of such shares and warrants the opportunity either to retain the securities or to turn them back to the Trust for a full refund.

Organized under District of Columbia law in 1962, the general purpose of the Trust is to invest in commercial real estate, including apartment developments, office buildings, shopping centers, and industrial buildings, and in mortgages secured by real estate. Net proceeds of its sale of shares will be used to repay bank loans made for the purchase of an additional interest in Congressional Plaza Shopping Center, Rockville, Md., and to repay any bank loans which may be made for the repurchase of its shares. In addition to indebtedness, the Trust has outstanding 248,150 shares. Henry J. Fox is a trustee.

**HARRELL CORP. FILES FOR OFFERING AND SECONDARY.** The Harrell Corporation, 50 W. State St., Westport, Conn. 06880, filed a registration statement (File 2-26276) with the SEC on March 31 seeking registration of 150,000 shares of common stock. Of the stock being registered, 100,000 shares are to be offered for public sale by the company and 50,000 shares (being outstanding stock) by the present holders thereof. Dempsey-Tegeler & Co., Inc., 1000 Locust St., St. Louis, Mo. 63101, is the principal underwriter. The public offering price (\$16 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has sold to the principal underwriter and associates nontransferable five-year warrants to purchase an aggregate of 10,000 common shares.

The company manufactures a household spray cleaner, Formula 409, and an industrial cleaner, Chemisol. Of the net proceeds of its sale of additional stock, approximately \$500,000 will be used for property additions and improvements and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 497,708 common shares, of which management officials own 64.1%. The prospectus lists two selling stockholders, as follows: Wilson L. Harrell (board chairman and president), and partners of Tenzer, Greenblatt, Fallon & Kaplan, and their families, 10,000 of 51,358.

**BIG DUTCHMAN PROPOSES OFFERING.** Big Dutchman, Inc., DeWitt Sq., Zeeland, Mich., filed a registration statement (File 2-26277) with the SEC on March 31 seeking registration of 231,760 shares of common stock, to be offered for public sale through underwriters headed by E. F. Hutton & Co., Inc., One Chase Manhattan Plaza, New York 10005. The public offering price (\$12.50 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company designs and supplies automatic feeding, watering, ventilating and waste removal systems for poultry, as well as egg handling and poultry processing equipment. Net proceeds of its stock sale will be used for general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 126,280 common and 795,564 Class B common shares, of which 49.07% of each class is owned by Richard A. DeWitt (president) and by Jacob H. DeWitt (board chairman).

**MANPOWER FILES FOR OFFERING AND SECONDARY.** Manpower, Inc., 820 N. Plankinton Ave., Milwaukee, Wisc. 53201, filed a registration statement (File 2-26281) with the SEC on March 31 seeking registration of 300,000 shares of common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 200,000 shares (being outstanding stock) by the present holders thereof. Smith, Barney & Co. Inc., 20 Broad St., New York 10005, is the principal underwriter. The public offering price (\$28 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is a temporary-help service organization. Of the net proceeds of its stock sale, \$300,000 will be used to purchase a building for the company's operations; approximately \$250,000 will be used for the acquisition of a business which, if acquired, would become part of the Manpower Printing Services division of the company; and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 1,763,568 common shares, of which management officials own 46.6%. The prospectus lists 12 selling stockholders, including Sylvia Scheinfeld (director), who is offering 32,500 of 342,698 shares held; Nannette R. Winter (director), 32,500 of 209,822; Aaron Scheinfeld (board chairman), 32,500 of 119,896; and Elmer L. Winter (president), 32,500 of 113,771.

**CENTRAL ILLINOIS PS PROPOSES OFFERING.** Central Illinois Public Service Company, 607 E. Adams St., Springfield, Ill. 62701, filed a registration statement (File 2-26284) with the SEC on April 3 seeking registration of \$15,000,000 of first mortgage bonds, Series L, due 1997, to be offered for public sale at competitive bidding. The company will use the net proceeds of its bond sale in connection with its construction program, estimated to cost \$30,700,000 in 1967.

**POTOMAC EDISON SEEKS ORDER.** The Potomac Edison Company and its subsidiaries, The Potomac Edison Company of Pennsylvania (PE-Pa), The Potomac Edison Company of Virginia (PE-Va.), and the Potomac Edison Company of West Virginia (PE-W.Va.), have applied to the SEC for an order under the Holding Company Act authorizing the parent company to acquire additional stock of each of the subsidiaries. The Commission has issued an order (Release 35-15704) giving interested persons until May 5 to request a hearing thereon. Potomac Edison proposes to acquire 180,000 shares from PE-Pa. for \$900,000; 12,000 shares from PE-Va. for \$1,200,000; and 19,000 shares from PE-W.Va. for \$1,900,000. The subsidiaries will use the net proceeds thereof for property additions and improvements.

**CONNECTICUT L&P SEEKS ORDER.** The Connecticut Light and Power Company, Berlin, Conn., subsidiary of Northeast Utilities, has applied to the SEC for an order under the Holding Company Act authorizing it to sell \$30,000,000 of bonds at competitive bidding; and the Commission has issued an order (Release 35-15705) giving interested persons until May 8 to request a hearing thereon. As reported in the March 28 News Digest, the company will use the net proceeds of this financing to reduce some \$36,250,000 of bank loans incurred to finance its construction program and to supply funds for its investment in Connecticut Yankee Atomic Power Company. The company's 1967 construction program is expected to total \$46,500,000.

**SECURITIES ACT REGISTRATIONS.** Effective April 4: American Electronic Laboratories, Inc., 2-26027 (40 days); The Black & Decker Manufacturing Co., 2-26030; Clinton Oil Co., 2-26080 (90 days); National Aviation Corp., 2-26054 (May 15); U.S. Plywood-Champion Papers Inc., 2-26183; Tenneco Corp., 2-26096 (May 15). Effective April 5: Caterpillar Tractor Co., 2-26115; Champion Products Inc., 2-26062 (90 days); Dow Jones & Company, Inc., 2-26110 (May 16); Ehrenreich Photo-Optical Industries, Inc., 2-26090 (May 16) and 2-26120 (40 days); Graybar Electric Co., Inc., 2-26103.

Effective April 6: AMCAP Fund, Inc., 2-25880; Datatab, Inc., 2-26065 (July 7).

**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.