

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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DEFINITION OF "UTILITY COMPANY" AMENDED. The SEC today announced the adoption of an amendment to Rule 7 under the Holding Company Act (Release 35-15853) to provide an additional exclusion from the statutory definition of a utility company in Sections 2(a)(3) and (4) of the Act, applicable to a company which (1) owns no utility assets located within any State of the United States, (2) has no subsidiary company owning such assets within the United States, and (3) is engaged solely in businesses outside the United States, if its gross sales of electric energy or of natural or manufactured gas distributed at retail by means of facilities owned or operated by such company, did not exceed 1% of its gross revenues during the previous calendar year. Essentially, the amendment applies to companies incorporated within the United States but operating solely outside the United States. Such a company would be one who produced electric energy or gas primarily for its own consumption or consumption by affiliate companies, but which would have surplus available for resale and where such sales would produce gross revenues in excess of \$100,000.

THREE TRADING BANS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending exchange and/or over-the-counter trading in securities of Continental Vending Machine Corporation, Pakco Companies, Inc., and Westec Corporation, for the further ten-day period September 20-29, 1967, inclusive.

UNLISTED TRADING SOUGHT. The SEC has issued orders under the Securities Exchange Act (Release 34-8162) giving interested persons (1) until October 2 to request a hearing upon an application of the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stock of McLouth Steel Corporation; and (2) until October 4 to request a hearing upon applications of the Pacific Coast Stock Exchange for such privileges in the common stocks of American Photocopy Equipment Co., Avon Products Inc., Collins Radio Company, Combustion Engineering Inc., Corning Glass Works, Delta Air Lines, Inc., Federal Resources Corp., Honeywell Inc., Joy Manufacturing Company, Lukens Steel Company, Time Incorporated, and Glen Alden Corporation (Delaware).

NORTEK PROPOSES OFFERING. Nortek, Inc., 937 Hospital Trust Building, Providence, R. I., filed a registration statement (File 2-27282) with the SEC on September 15 seeking registration of 220,000 shares of common stock. The shares are to be offered for public sale through underwriters headed by Stanley Heller & Co., 44 Wall St., New York. The public offering price (\$8.00 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to issue to the underwriter 10,000 three-year common stock purchase warrants, without cost, exercisable at prices ranging from \$8.80 per share to \$9.60 per share, and has also agreed to pay up to \$20,000 to the underwriter for expenses.

The company was organized under Rhode Island law on July 24, 1967 by Ralph R. Papitto (president and sole stockholder) for the purpose of acquiring the business, assets and liabilities of Kinetic Instrument Corp. and its affiliate, Kaybe Machine & Instrument Corp. ("Kinetic-Kaybe"). On August 14, 1967, it entered into a Purchase Agreement with Kinetic-Kaybe which provides for the purchase of substantially all of the assets and liabilities of Kinetic-Kaybe for \$1,630,000 in cash, plus an amount equal to 40% (but not to exceed \$500,000) of the net earnings after taxes of Kinetic-Kaybe for the period April 1, 1967 to March 31, 1972. Upon consummation of the purchase, the business of Nortek will become that formerly carried on by Kinetic-Kaybe; it will engage principally in the design, development, manufacture, and sale of high precision mechanical and electro-mechanical parts, assemblies, packages, components and instrumentations used in avionics, aerospace and communications systems, computer electronics, navigational systems, industrial controls and data transmission and recording equipment. In addition, it will manufacture and sell a line of textile quilt stitching machines. Net proceeds of Nortek's stock sale will be used in part to purchase the business and assets of Kinetic-Kaybe, \$119,412 will be used to repay loans due to certain persons; and the balance will be available for general corporate purposes. In addition to indebtedness, the company has outstanding 340,000 common shares, all of which are owned by Papitto. According to the prospectus, if all of the 220,000 shares are sold, the purchasers thereof will have acquired a 39% interest in the company; Papitto will then hold a 61% interest, for which he will have paid \$340,000.

ATOKA PROPOSES OFFERING. Atoka, Inc., 1210 W. Main St., Olney, Texas, filed a registration statement (File 2-27283) with the SEC on September 15 seeking registration of 400 units in the Atoka Plan No. Seven. These securities are to be offered for public sale at \$2,500 per unit through Craig-Hallum, Inc., 133 S. Seventh St., Minneapolis, Minn. 55402, which will receive a \$175-per-share commission. The underwriter is to sell or purchase for its own account a minimum of 100 units, and the balance is to be offered on a best-efforts basis.

The company was organized under Minnesota law on April 28, 1967. It is the successor to a corporation of the same name organized under Texas law in 1963. It is to act as managing partner of the plan, whose purpose is to acquire and operate producing oil and gas properties. Roy L. Strong is president.

CENTRAL LOUISIANA ELECTRIC FILES FOR OFFERING. Central Louisiana Electric Company, Inc., 415 Main St., Pineville, La. 71360, filed a registration statement (File 2-27284) with the SEC on September 18 seeking registration of 80,000 shares of \$100 par convertible preferred stock, to be offered for public sale at competitive bidding.

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The company is an operating utility engaged primarily in rendering electric and natural gas service and, to a lesser degree, water service in Louisiana. Net proceeds of its sale of preferred stock will be applied to reduce its outstanding bank loans (of which \$14,075,000 were outstanding at September 8, 1967) incurred to finance its 1966 and 1967 construction programs. Its 1967-1971 construction program is estimated at \$101,390,000, of which \$13,102,000 is scheduled for 1967 and \$13,588,000 for 1968. In addition to indebtedness and preferred stock, the company has outstanding 5,917,005 common shares, of which management officials own 8.5%. W. Donner Rodemacher is president and F. Hugh Coughlin is board chairman.

CHESAPEAKE SYSTEMS FILES RIGHTS OFFERING PROPOSAL. The Chesapeake Systems Corporation, 10 Beaver Run Lane, Cockeysville, Md. 21030, filed a registration statement (File 2-27285) with the SEC on September 18 seeking registration of 51,000 shares of common capital stock. The company proposes to offer to the holders of its common capital stock of record July 21, 1967, the right to subscribe for approximately 23,275 shares at the rate of one new share for each six shares then held. It further proposes to offer to stockholders of record February 1, 1968, the right to subscribe for the balance of these shares (approximately 27,725 shares) at the rate of one new share for each six shares then held. The offering price is \$9.75 per share. No underwriting is involved.

The company is engaged in the application of advanced communications technology to military and industrial uses. Net proceeds of its stock sale will be used to improve or purchase additional facilities, for research and development, sales and marketing expenses, inventories and work in process, and the financing of accounts receivable. In addition to indebtedness, the company has outstanding 139,455 common capital shares, of which management officials own 51.0% (including 12.9% owned by Edwin M. Talbott, Jr., president and 11.1% owned by Dr. Eugene E. Mihalyka, a director). If all of the new shares being offered are sold, the book value per share of common stock now outstanding will be increased from \$0.70 to \$3.07 per share. Accordingly, the purchasers of the new shares "will suffer an immediate dilution of \$6.68 per share, and the present stockholders will benefit by \$2.37 per share, contributed by the purchasers of the offered stock," according to the prospectus.

STOCK PLANS FILED. The following companies have filed Form S-8 registration statements with the SEC proposing the issuance of stock under employee stock option and related plans:

The Shamrock Oil and Gas Corporation, Amarillo, Texas 79105 (File 2-27273) - 124,650 shares

National Propane Corporation, Garden City, New York 11530 (File 2-27286) - 60,000 shares

Stelma, Incorporated, Stamford, Conn. (File 2-27287) - 151,500 shares

CORRECTION RE VORNADO SECONDARY. The SEC News Digest of September 15 reporting a proposed secondary offering of Vornado, Inc., stock incorrectly stated that "the selling shareholders received their shares upon consummation of a merger of Food Giant Markets, Inc., into Vornado." A plan for the merger of the two companies is to be voted upon by Vornado shareholders at a meeting scheduled for September 27.

AMERICAN MUTUAL SEEKS ORDER. American Mutual Fund, Inc., Los Angeles mutual fund, has applied to the SEC for an exemption order under the Investment Company Act with respect to its proposed purchase of the assets of Chaco Investment Co.; and the Commission has issued an order (Release IC-5092) giving interested persons until October 9 to request a hearing thereon. Chaco is a personal holding company with 62 shareholders, and whose assets approximated \$2,833,078 on June 26. American Mutual proposes to acquire substantially all of Chaco's assets through the issuance of its shares at their net asset value (subject to certain adjustments).

SECURITIES ACT REGISTRATIONS. Effective September 18: Continental Air Lines, Inc., 2-27044; Rapid-American Corp., 2-26956 & 2-26982 (40 days); Scheutzw Helicopter Corp., 2-27026 (90 days); The Southern New England Telephone Co., 2-27178 (Oct 28); Sylvania Electric Products Inc., 2-27024 (40 days).

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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