

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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SBIC RULES PROPOSED BY SEC. The SEC today announced a proposed revision of its rules under the Investment Company Act with respect to transactions between small business investment companies (SBICs) and their affiliates; and it invited the submission of views and comments thereon not later than October 6, 1961 (Release 34-3324).

Under the Act, certain transactions between an investment company and its affiliates are prohibited, except that the Commission may by rule or order grant an exemption from such prohibition if it finds, upon application, that the terms thereof are reasonable and fair and do not involve overreaching on the part of any person concerned and that the transaction is consistent with the company's investment policy and consistent with the purposes of the Act. The Commission proposes the adoption of a new Rule 17a-6 which would exempt from the prohibitions of Section 17(a)(1) and (3) of the Act, subject to certain conditions, loans and other securities transactions which would be prohibited by such sections solely because of an affiliation created through stock ownership by the SBIC of 5% or more of the voting securities of a small business concern. Thus, the rule would operate in an area where there is small likelihood of overreaching of the SBIC by an affiliate.

The Commission also proposed to adopt an amendment to its Rule 17d-1 which would exempt from that rule's requirements certain transactions where banks and an affiliated SBIC make investments in the same small business concern. Section 17(d) prohibits participation by an investment company with an affiliate in a joint enterprise in contravention of such rules as the Commission may prescribe to prevent participation by such company on a basis different from or less advantageous than that of the other participant. Rule 17d-1 now requires prior application to and approval by the Commission of any such joint enterprise. In view of the fact that investments in the same concern by the SBIC and an affiliated bank subject such investments to the risk of the same enterprise, it appears that any transactions by the bank and the SBIC with the same small business concern should be considered to constitute a joint enterprise whether such transactions are contemporaneous or separated in time. The proposed amendment to Rule 17d-1 would exempt banks affiliated with SBICs from the requirements of the present rule, provided certain conditions are met, including the submission of reports containing pertinent details of the transactions. The proposed adoption of a new Form N-17D-1 for this purpose was also announced.

Finally, the Commission proposes to adopt a new Rule 18c-1 which would exempt indebtedness to the Small Business Administration from the provisions of Section 18(c) of the Act. This rule would permit an SBIC registered under the Investment Company Act to have outstanding indebtedness both to the SBA and other lenders so long as any indebtedness issued to a person other than the SBA does not have any preference as to assets and interest over any other outstanding indebtedness.

KENDALL INDUSTRIES FILES FOR OFFERING AND SECONDARY. Kendall Industries, Inc., 5581 Air Terminal Drive, Fresno, Calif., filed a registration statement (File 2-18863) with the SEC on September 11th seeking registration of 150,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 50,000 shares, being outstanding stock, by Donald S. Kendall, president. The offering will be made at \$4 per share on an all or none basis through underwriters headed by Currier & Carlsen Incorporated, which will receive a 40¢ per share commission and \$12,000 for expenses. The registration statement also includes 5,000 outstanding shares sold by the selling stockholder to the principal underwriter and 5,000 shares to Floyd D. Cerf Jr. Company Incorporated, all at 10¢ per share.

The company (formerly Kendall-Addington, Inc.) is engaged in the business of producing and selling sliding aluminum windows and doors. Net proceeds from the company's sale of additional stock, estimated at \$321,587, will be used to purchase additional machinery and equipment and for general corporate purposes, including carrying of additional inventory and accounts receivable.

The company has outstanding 220,000 shares of common stock (after giving effect to a recent recapitalization whereby the 1,160 shares then outstanding were exchanged for the 220,000 shares), of which Kendall owns 210,000 shares and proposes to sell the 50,000 shares.

MISSILE SYSTEMS FILES FOR OFFERING AND SECONDARY. Missile Systems Corp., 9025 Wilshire Blvd., Beverly Hills, Calif., filed a registration statement (File 2-18864) with the SEC on September 11th seeking registration of 140,000 shares of common stock, of which 100,000 shares are to be offered for public sale by the company and 40,000 shares, being outstanding stock, by the present holders thereof. George, O'Neill & Co., Inc. heads the list of underwriters. The public offering price and underwriting terms are to be supplied by amendment.

The company either directly or through its wholly owned subsidiary, Missile Systems Corp. of Texas is engaged principally in the business of (1) manufacturing under government prime contracts complete electro-mechanical assemblies and systems for special weapons programs, and electronic enclosures, (2) furnishing data processing and documentation services, providing technically trained personnel on a contract basis and preparing technical handbooks and publications, (3) manufacturing and selling multi-conductor harness and cable assemblies, and (4) manufacturing and selling residential and commercial lighting equipment. The net

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proceeds from the company's sale of additional stock will be added to working capital and used principally for carrying of larger inventories and accounts receivable, to reduce short-term bank loans incurred for working capital purposes (\$600,000), and for the liquidation of sundry unsecured indebtedness incurred or assumed in connection with certain acquisitions (\$65,000).

In addition to its indebtedness, the company has outstanding 521,339 shares of common stock, of which F. W. Bailey, president, holds of record 103,900 shares (76,900 shares beneficially) and proposes to sell 6,000 shares, Kathleen C. Bailey owns 17,500 shares and proposes to sell all such shares, and Philip L. Kramer, a vice president, owns 52,460 shares and proposes to sell 11,000 shares. In addition, James E. Upfield, a director, and Bret H. Reed, a vice president, own 20,650 and 2,000 shares, respectively, and propose to sell 5,000 and 500 shares, respectively.

AMT CORP. FILES FOR OFFERING AND SECONDARY. AMT Corporation, 1225 East Maple Road, Troy, Mich., filed a registration statement (File 2-18865) with the SEC on September 11th seeking registration of 230,000 shares of common stock, of which 160,000 shares are to be offered for public sale by the company and 70,000 shares, being outstanding stock, by an estate. The offering will be made on an all or none basis through underwriters headed by A. G. Becker & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company is engaged principally in the manufacture and sale of scale model plastic automobiles distributed in kit form to the hobby trade throughout the United States and in assembled form to automotive manufacturers and dealers and retail toy outlets. Net proceeds from the company's sale of additional stock will be used for the purchase of additional plant equipment (\$100,000) and to retire outstanding purchase money mortgage notes (\$105,000); and the balance will be added to working capital and will be used primarily to carry receivables which have previously been sold to a factor. The company will receive from West H. Gallogly \$180,451 in full payment of his indebtedness and will add such payment to its general funds.

The company has outstanding 380,462 shares of Class B common and 70,000 shares of common stock, all of which latter is owned and is to be sold by West H. Gallogly, president, as administrator and sole beneficiary of the estate of W. George Gallogly, deceased. Of the outstanding Class B shares, Gallogly owns 23.21% and management officials as a group 48.04%.

ADR'S FOR COX BROTHERS FILED. Chemical Bank New York Trust Company, 30 Broad Street, New York, filed a registration statement (File 2-18866) with the SEC on September 7th seeking registration of American Depositary Receipts for 50,000 Ordinary Shares of Cox Brothers (Australia) Limited.

PITNEY-BOWLES FILES STOCK PLAN. Pitney-Bowles, Inc., Walnut and Pacific Street, Stamford, Conn., filed a registration statement (File 2-18867) with the SEC on September 11th seeking registration of \$900,000 of participations in the company's Employees' Stock Purchase Plan, and common shares underlying such participations.

KNAPK & VOGT MFG. FILES FOR SECONDARY. Knapk & Vogt Manufacturing Company, 658 Richmond St., N. W., Grand Rapids, Mich., filed a registration statement (File 2-18868) with the SEC on September 11th seeking registration of 263,750 outstanding shares of common stock, to be offered for public sale by the holders thereof through underwriters headed by Glore, Forgan & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Delaware law in June 1961 as the successor to a Michigan corporation of the same name. The former issued 687,500 common shares to the latter in a tax free exchange for all of its assets, business interests and name, and subject to all of its liabilities. The company is engaged in the manufacture of specialty hardware items, many of which are classified in the builders' hardware line. Its products are divided among the major product groups of drawer slides, adjustable shelf fixtures, closet and kitchen hardware, perforated board hooks and sliding door tracts.

In addition to certain indebtedness, the company has outstanding 687,500 shares of common stock, of which Joseph J., John C., and Hubert F. Knapk, vice presidents, and Raymond F. Knapk, as voting trustees under a voting trust, hold 50%. Old Kent Bank and Trust Company as trustee of certain trusts owns 113,000 shares and proposes to sell 98,000 shares; and Charlotte Vogt Steketee is record holder of 87,125 shares and proposes to sell all such shares. Three others propose to sell amounts ranging from 25,500 to 27,625 shares. Ray L. Sexton is listed as board chairman and Frederick J. Vogt, Sr. as president. Of the shares held in trust by Old Kent Bank, \$6,500 shares are held in an irrevocable trust for the benefit of Mildred Vogt and James Barton Vogt, and the balance for the benefit of Mildred Vogt and Barton Vogt.

EXPLORATION FUNDS FILES FOR OFFERING. Exploration Funds, Inc., McFarlin Building, Tulsa, Okla., filed a registration statement (File 2-18869) with the SEC on September 8th seeking registration of \$5,000,000 of participations in its 1962-A Oil and Gas Program, to be offered for public sale in 1,000 units at \$5,000 per unit. The offering will be made by the company through Alex W. McCoy, III, president. The company will be paid a 5% fee for its costs and services in the sale of units.

The company was organized under Oklahoma law in June 1960 for the purpose of engaging in the business of evaluating, acquiring, testing, developing, equipping and operating oil and gas properties. The founding and organizing of the company and said Gas Program were initiated by Alex W. McCoy and Alex W. McCoy Associates, Inc., which will be employed as sub-agent to manage the program and will receive a 10% management fee payable from program funds. Net proceeds from the sale of units will be used to conduct the 1962 program, including 5% thereof to acquire properties in the Continental United States (excluding Alaska) or Canada, 20% to pay equipment costs, and the balance for all other costs including geological and engineering services, drilling, testing, completions, delay rentals, dry hole contributions and administrative overhead. The company has outstanding 1,000 shares of \$1 par common stock, all of which are owned by Alex W. McCoy, III, president of the company, and president and principal stockholder of Alex W. McCoy Associates.

DAYJON EXPLORERS FILES FOR STOCK OFFERING. Dayjon Explorers Limited, 85 Richmond Street West, Toronto, Ontario, Canada, filed a registration statement (File 2-18870) with the SEC on September 11th seeking registration of 2,000,000 shares of \$1 per capital stock, to be offered for public sale through Alexander Watt & Co., Limited, of Ontario. The underwriter has agreed to purchase 25,000 of the shares at 20¢ per share within ten days after the effective date of the statement. It has an option to purchase the remaining 1,975,000 shares at prices ranging from 20¢ to 40¢ a share, and averaging about 30¢ per share. The shares are to be offered for public sale at prices arbitrarily fixed by the underwriter from time to time. According to the prospectus, the Canadian over-the-counter market in the stock has been supported solely by the underwriter, and the trading prices largely reflect arbitrary determinations by the underwriter and have not been, and are not, necessarily reflective of the true market value of such shares.

The company (formerly Sumac Explorations Limited) is engaged in exploration for gold ores on its property in Mongowin Township, Sudbury Mining Division, Ontario. Such property consists of 12 patented claims acquired from McMillan Gold Mines, Limited, Toronto, pursuant to an agreement in 1959 whereby the company acquired all of the assets and properties of McMillan, subject to its liabilities, for 200,000 capital shares. In addition, the company owns 18 unpatented claims in Mongowin Township acquired from Alexander Periam Watt, Jr., president and principal stockholder of the underwriter, for 700,000 capital shares of the company. Watt acquired such claims as a grubstake at a cost of \$1,000. An additional 655,005 shares were sold for \$80,880. From May through June, 1961, an aggregate of 549,946 shares of the company had been sold to residents of the United States and, according to the prospectus, the company understands that the Commission may be of the opinion that no exemption from the registration requirements of the Securities Act of 1933 was available therefor. The prospectus further states that the company has operated at a loss since its inception (1959). The net proceeds from the stock sale, estimated at \$600,000 if all the shares are sold, will be used primarily to carry out a program of exploration as recommended by Scope Mining and Exploration Consultants Limited, which firm the company has contracted with to carry out the early phases of its program. Any balance will be used to defray administrative expenses and provide working capital.

The company has outstanding 1,555,005 shares of capital stock, of which Watt owns about 45%. William Leonard Hodgson is listed as president.

MAJESTIC SPECIALTIES FILES STOCK OPTIONS. Majestic Specialties, Inc., 340 Claremont Avenue, Jersey City, N. J., filed a registration statement (File 2-18871) with the SEC on September 11th seeking registration of 15,700 shares of common stock, to be offered pursuant to its Employee Restricted Stock Options.

GRIESEDECK FILES FOR RIGHTS OFFERING. The Griesedeck Company, 314 North Broadway, St. Louis, Mo., filed a registration statement (File 2-18872) with the SEC on September 11th seeking registration of 100,000 shares of common stock. It is proposed to offer such stock for subscription by common stockholders at the rate of one new share for each three shares held. Edward D. Jones & Co. heads the list of underwriters. The record date, subscription price and underwriting terms are to be supplied by amendment.

The company is registered as a closed-end, diversified, management investment company. Net proceeds from the stock sale will be added to general funds and used by the company to add investments to its portfolio. In addition to preferred stock, the company has outstanding 300,969 shares of common stock, of which Edward D. Jones, president, and the immediate members of his family own 12.9%.

ADR'S FOR YARDLEY FILED. Morgau Guaranty Trust Company of New York, 140 Broadway, filed registration statements (Files 2-18873 and 2-18875) with the SEC on September 11th seeking registration of 60,000 Ordinary Registered Shares and 60,000 "A" Ordinary Registered Shares of Yardley and Company Limited (of England).

NATIONAL TEL-TRONICS FILES FOR STOCK OFFERING. National Tel-Tronics Corp., 52 St. Casimir Avenue, Yonkers, New York, filed a registration statement (File 2-18874) with the SEC on September 11th seeking registration of 133,000 shares of common stock, to be offered for public sale at \$3 per share. The offering will be made on an all or none basis through underwriters headed by Frank Karasik & Co., Inc., which will receive a 33¢ per share commission and \$18,000 for expenses. The registration statement also includes 13,000 outstanding shares sold by the principal stockholder of the company to Frank Karasik, and 7,000 shares to Harris, Witlin & Fishkin, company counsel, all at 25¢ per share.

The company manufactures or fabricates lines of standard and custom-made electronic components, such as, terminal boards, jacks and plugs, special insulating materials, printed circuits, special metal stampings and related items, and to a limited extent, acts as a distributor of turret terminals, for commercial and military applications to the radio-television-communication and to the electronic industries. The \$326,500 estimated net proceeds from the stock sale will be applied towards payment of a \$50,000 bank loan, improving and automating manufacturing and fabricating processes, research and development of new products, and the balance will provide additional working capital to permit possible increase in business volume and expansion of product lines and for general corporate purposes including the carrying of larger inventories and receivables.

In addition to certain indebtedness, the company has outstanding 403,000 shares of common stock, of which Louis J. Waller, president, and Romeo Millett, a vice president, own 47.14% and 14.88%, respectively.

SECURITIES ACT REGISTRATIONS. Effective September 12: Amerline Corporation (File 2-18457); Automatic Data Processing Company (File 2-18525); Citizens Home Mortgage Co., Inc. (File 2-17069); Eckerd Drugs of Florida, Inc. (File 2-18420); General Public Service Corporation (File 2-18563); Mountain Fuel Supply Co. (File 2-18702); Progress Industries, Inc. (File 2-18370); Henry I. Siegel Co., Inc. (File 2-14586); Varied Industry Plan (File 2-17564).