

# 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

(Issue No. 67-27)

FOR RELEASE February 10, 1967

**EXEMPTION FOR BOWSER INC. STOCK REACQUISITION.** The SEC today announced a decision under the Investment Company Act of 1940 (Release IC-4842) which denied an exemption from Section 17(a) of that Act for a proposed purchase by Bowser, Inc., of 222,600 shares of its voting common stock from The Equity Corporation, a registered closed-end non-diversified investment company, Sterling Precision Corporation, an affiliate of Equity, J. Russell Duncan, chairman of Sterling's board of directors and Jardun Corporation, a company wholly owned by Duncan. Bowser is an affiliate of Sterling. The Commission determined that these companies and Duncan, who joined in the application requesting the exemption, had failed to establish that the terms of the proposed transaction, including the consideration to be paid, met the test of Section 17(b) of the Act that such terms be reasonable and fair and not involve overreaching on the part of any person concerned.

The Commission found that Robert Damon, Bowser's president, and his adherents on the Bowser board of directors were primarily motivated in arranging for the proposed purchase by the desire to keep control of Bowser in their hands, thus avoiding a threatened proxy contest or tender offer by Duncan and the interests aligned with him. The Commission stated that applicants had not shown that the use of the corporation's funds for such a purpose would be fair to all of Bowser's stockholders.

The Commission further found that applicants had failed to establish that the proposed purchase price of \$13 per share was fair. Applicants relied heavily on the fact that the proposed sales price was about the same as the market price quoted for Bowser stock on the American Stock Exchange at the time the parties entered into the purchase agreement in February 1966. The Commission stated, however, that such market price could not furnish an appropriate standard by which to judge the fairness of the purchase price, since to a significant degree the market price was inflated as a result of the heavy volume of insider buying by the vying Damon and Duncan groups.

**AMERICAN MEDICO PROPOSES OFFERING.** American Medico, Inc., 77 Third St., Herndon, Va., filed a registration statement (File 2-25952) with the SEC on February 6 seeking registration of 540,000 shares of Class A common stock. The stock is to be offered for public sale at \$5 per share through Milton D. Blauner & Co. Inc., 115 Broadway, New York, which will receive a 50¢-per-share selling commission. The offering is to be made on a "best efforts" basis. If all the shares are sold, the company will issue to the underwriter 10-year warrants to purchase 60,000 shares at \$6 per share.

Organized under Virginia law in July 1966, the company intends to construct and equip a 110-bed hospital in Herndon, Va., on approximately seven acres of 38.65 acres (presently subject to mortgages of \$458,000) acquired from Herndon Medico, Inc., in return for the issuance to that company of 270,000 shares of Class B common stock plus \$116,000 in cash. The company will use the proceeds of its stock sale, together with \$1,500,000 from a proposed loan, to retire the mortgages and to pay the \$116,000 cash consideration to Herndon Medico. A total of about \$3,000,000 will be used to pay in full for the construction of the hospital and interest on the construction loan during construction; the balance will be used for working capital. Herndon Medico, Inc., owns all of the company's outstanding stock, consisting of 4,000 Class A and 270,000 Class B common shares. John H. Renner, president of the company, owns 70% of Herndon Medico.

**SEC DECISION SUPPORTS REDUCED SANCTION.** The SEC today announced a decision under the Securities Exchange Act (Release 34-8032) sustaining an NASD finding that Thomas Brown III of Staten Island, N. Y., had violated its rules of fair practice, but reducing the sanction imposed by the NASD suspension of Brown from three months to 30 days.

The Commission affirmed the NASD finding that Brown had engaged in conduct "inconsistent with just and equitable principles of trade," by reason of the fact that, in executing a customer's agency order for the purchase of stock, he "knowingly interposed" both Reynolds & Co., for which he was a trader, and another dealer between the customer and the best available market for the stock, to the detriment of the customer. While conceding that he violated the NASD rules, Brown urged various considerations in mitigation and that the three months' suspension was excessive and only censure would be justified. In view thereof, "particularly the fact that his misconduct was apparently limited to only one transactions, and his otherwise good record," the Commission concluded that the NASD suspension should be reduced to 30 days.

**VALVE CORP. OF AMERICA FILES FOR SECONDARY.** Valve Corporation of America, 1720 Fairfield Ave., Bridgeport, Conn. 06605, filed a registration statement (File 2-25859) with the SEC on February 8 seeking registration of 594,867 outstanding shares of common stock. The present holders thereof propose to offer the stock for public sale through underwriters headed by White, Weld & Co. and Smith, Barney & Co. Inc., both of 20 Broad St., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company manufactures and sells aerosol valves and related devices. In addition to indebtedness, it has outstanding 1,875,869 common shares, of which management officials own 42.86%. Philip H. Sagarin (president), Samuel C. Butler (director), Harold L. Perlman (director), Arthur Rosenbaum (director), and Arthur Reich, as voting trustees under an agreement dated September 10, 1965, hold 41.98% of the outstanding stock. According to the prospectus, there are 37 selling stockholders, including Cope Allman & Co. Ltd., which is offering 217,651 of 397,651 shares held; Perlman, 150,000 of 365,640; and Ben Polikoff, 121,747 of 122,229.

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**HANDY & HARMAN FILES FOR OFFERING AND SECONDARY.** Handy & Harman, 850 Third Ave., New York 10022, filed a registration statement (File 2-25961) with the SEC on February 9 seeking registration of 200,000 shares of common stock. Of this stock, 115,688 shares (being outstanding stock) are to be offered for public sale by the present holders thereof and 84,312 by the company. The offering is to be made through underwriters headed by Goldman, Sachs & Co., 20 Broad St., New York 10005. The public offering price (\$22 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company fabricates and refines precious metals and manufactures specialized metal products. Net proceeds of its sale of additional stock will be added to general funds and will be available for capital expenditures and working capital requirements. It contemplates expenditures of about \$2,500,000 for additional plant and equipment during 1967. The company has outstanding 1,575,700 common shares, of which management officials own 24.5%. The prospectus lists 11 selling stockholders, including Cortlandt W. Handy (director), who is offering 42,339 of 156,433 shares held, and Handy & Harman Pension Trust under trust agreement dated December 1, 1955, its entire holdings of 30,688 shares. The remaining sellers are offering shares ranging in amounts from 1,000 to 15,000. Judson C. Travis is board chairman and M. Wilbur Townsend is president.

**WESTERN MASS. ELECTRIC PROPOSES BOND OFFERING.** Western Massachusetts Electric Company, 174 Brush Hill Ave., West Springfield, Mass., filed a registration statement (File 2-25962) with the SEC on February 9 seeking registration of \$15,000,000 of first mortgage bonds, Series F, due 1997. The bonds are to be offered for public sale at competitive bidding. A subsidiary of Northeast Utilities, the company will use the net proceeds of its stock sale to pay \$14,600,000 of outstanding bank loans which were incurred for construction purposes and to reimburse its treasury for construction expenditures. Its construction expenditures for 1967 are estimated at \$16,900,000.

**SAN DIEGO G&E FILES FOR BOND OFFERING.** San Diego Gas & Electric Company, 861 Sixth Ave., San Diego, Calif. 92112, filed a registration statement (File 2-25964) with the SEC on February 9 seeking registration of \$25,000,000 of first mortgage bonds, Series I, 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 at \$44,595,000.

**THREE STOCK PLANS FILED.** Form S-8 registration statements have been filed with the SEC by the following companies, seeking registration of securities for offering under employee and/or officer stock plans:

The Fluor Corporation, Ltd., 2500 S. Atlantic Blvd., Los Angeles, Calif. 90022 (File 2-25957) (79,207 shares)  
 International Harvester Company, 401 N. Michigan Ave., Chicago, Ill. 60611 (File 2-25958) (650,000 shares)  
 Dymo Industries, Inc., 6701 Bay St., Emeryville, Calif. (File 2-25963) (211,040 shares)

**EIGHT TRADING BANS CONTINUED.** The SEC has issued orders under the Securities Exchange Act suspending exchange and/or over-the-counter trading in securities of the following companies for the additional 10-day period February 12-21, 1967, inclusive: Continental Vending Machine Corporation, Lincoln Printing Company, Pakco Companies, Inc., Pinal County Development Association, Sports Arenas, Inc., Underwater Storage, Inc., United Security Life Insurance Company, and Westec Corporation.

**AMERICAN GAS RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15658) releasing jurisdiction over the allowance of fees and expenses incurred by American Gas Company in connection with Part I of its plan for liquidation and dissolution. American has reported \$22,654 as compensation to counsel and \$3,451 for expenses.

**MASS. INVESTORS GROWTH FUND SEEKS EXEMPTION.** Massachusetts Investors Growth Stock Fund, Inc., Boston open-end diversified investment company, has applied to the SEC for an order under the Investment Company Act authorizing it to issue its shares at net asset value for substantially all of the cash and securities of Halvestco, Inc. The Commission has issued an order (Release IC-4836) giving interested persons until February 27 to request a hearing thereon. Halvestco, a Georgia corporation, is a personal holding company whose outstanding shares are held by two individuals.

**AMPAL-AMERICAN ISRAEL RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-4837) authorizing Ampal-American Israel Corporation and Israel Development Corp. (the latter being an investment company of which Ampal is an affiliate) to make loans to the Jewish Agency for Israel during Ampal's fiscal year ending January 31, 1968. According to the application, Ampal and Israel Development will make loans to the Jewish Agency in amounts of \$6,250,000 and \$2,500,000, respectively.

**HONEYWELL PROPOSES DEBENTURE OFFERING.** Honeywell Inc., 2701 Fourth Avenue S., Minneapolis, Minn. 55408, filed a registration statement (File 2-25965) with the SEC on February 9 seeking registration of \$60,000,000 of 25-year sinking fund debentures, due 1992. The debentures are to be offered for public sale through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company manufactures electronic, electrical and pneumatic products for residential, commercial and industrial application. It will apply the net proceeds of its debenture sale toward payment of \$61,500,000 of short-term notes which were issued to provide cash requirements resulting from the "expansion of its business and activities." In addition to indebtedness and preference stock, the company has outstanding 14,516,415 common shares. James H. Binger is board chairman and Stephen F. Keating is president.

**O/C REGISTRATIONS REPORTED.** The following issuers of securities traded over-the-counter have filed registration statements with the Commission pursuant to requirements of Section 12(g) of the Securities Exchange Act (companies which currently file annual and other periodic reports with the SEC are identified by "\*\*"):

File No.	O-Registrants	Location
2368	AMI Inc.	Alexandria, La.
2354	Carhart Photo Inc.	Rochester, N.Y.
2352	Economy Finance Corp	Indianapolis, Ind.
2359	Freeze Dry Prods., Inc	Evensville, Ind.
2362	National Factor & Invest Corp	Atlanta, Ga.
2370	Penn Dairies, Inc**	Lancaster, Pa.
2367	Progress Inds., Inc.	Arthur, Ill.
2366	Scherr-Tumico Inc	St. James, Minn.
2356	Viviane Woodard Corp	Panorama City, Calif.

**RECENT FORM 8-K FILINGS.** The companies listed below have filed Form 8-K reports for the month indicated and responding to the item of the Form specified in parentheses. Photocopies thereof may be purchased from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the February 2 News Digest.

Automatic Radio Mfg Co Inc Jan 67 (11)	1-4433-2	Aeroquip Corp Jan 67 (11,13)	1-3775-2
Isram Corp Dec 66 (2,7,13) Sept 66 (2,7,13)	1-3819-2 1-3819-2	Air Calif Dec 66 (2,4,7,9,13)	2-25653-2
Western Maryland Ry Co Jan 67 (7,13)	1-766-2	Atlantic Coast Line Co Jan 67 (12,13)	1-1849-2
Layne & Bowler Pump Co Amd #1 for Jan 66 (1)	2-19508-2	Power Industrial Products Co Jan 67 (11)	0-2311-2
Morton International Inc Amd #1 for Nov 66 (3)	0-1404-2	Four Star Television Nov 66 (2,13)	0-1815-2
National Mercantile Corp Amd #1 for Dec 66 (9)	0-2298-2	Sperti Drug Corp Jan 67 (11)	0-2313-2
Reserve Oil & Gas Co Amd #1 for Dec 66 (4)	1-3474-2	GreatAmerica Corp Jan 67 (2)	0-976-2
Walter Kidde & Co Inc Amd #2 for Dec 65 (10)	1-3226-2	Roosevelt Raceway Inc Jan 67 (12)	1-3966-2
Joseph Magnin Co Inc Amd #1 for Oct 66 (11,13)	0-2261-2	Lee Wilson Engineering Co Inc Jan 67 (11,13)	0-243-2
Ltv Electrosystems, Inc Amd #1 for Dec 65 (2,7,13)	1-5237-2	Interphoto Corp Jan 67 (7,8)	1-4864-2
		Connelly Containers Inc Apr 64 (11)	1-3622-2
		Apr 65 (11)	1-3622-2
		Apr 66 (11)	1-3622-2
		Interstate Motor Freight System Amd #2 to 8K for May 66 (13)	1-4758-2
		Livingston Oil Co Amd for Sept 66 (3,11,13)	1-4539-2

**SECURITIES ACT REGISTRATIONS. Effective February 9:** The Reliance Electric and Engineering Co., 2-25902.

\*As estimated for purposes of computing the registration fee.