

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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FOR RELEASE April 12, 1960

RESPONSE TO COMMENT ON DEFERRED TAX ACCRUALS ACCOUNTING. The SEC today made public a letter sent by its Chief Accountant, Andrew Barr, to Mr. Carman G. Blough, Director of Research, American Institute of Certified Public Accountants, in response to his comment on this Commission's Statement of Administrative Policy Regarding Balance Sheet Treatment of Credit Equivalent to Reduction in Income Taxes published February 29, 1960. The text of the letter follows:

"The Commission has authorized me to respond to your letter in which you express concern over the wording of the last sentence in the first full paragraph on page 4 and the first sentence of the paragraph immediately following it in Securities Act of 1933 Release No. 4191 (also identified as Securities Exchange Act of 1934 Release No. 6189, Holding Company Act Release No. 14173, Investment Company Act of 1940 Release No. 2977, and Accounting Series Release No. 85). The full paragraph to which you refer and the following sentence read as follows:

'A number of comments indicated that, should the Commission take the foregoing position, it should be limited to matters connected with depreciation and amortization or, if not so limited, any additional items embraced within this principle should be clearly specified. It is the Commission's view, however, that comparable recognition of tax deferral should be made in all cases in which there is a tax reduction resulting from deducting costs for tax purposes at faster rates than for financial statement purposes. (Footnote omitted.)

'The Committee on Accounting Procedure of the American Institute of Certified Public Accountants agrees with the position expressed above.'

"It was not the Commission's intention by the publication of this release, stating an administrative policy regarding balance sheet treatment of the credit equivalent to the reduction in income taxes when deferred tax accounting is employed, to make mandatory the use of deferred tax accounting beyond the requirements of generally accepted accounting principles."

SEC COMPLAINT NAMES FIRST CAPITOL SAVINGS OF BALTIMORE. The SEC Washington Regional Office announced April 11, 1960 (Lit. Release No. 1642) the filing of Federal court action (USDC, Baltimore) seeking to enjoin First Capitol Savings and Loan Association, Inc., and James C. Sorce, Jr., from further violations of the anti-fraud provisions of the Securities Act in the offer and sale of savings deposit pass books issued by the Association.

DYMO INDUSTRIES PROPOSES STOCK OFFERING. Dymo Industries, Inc., 2546 Tenth Street, Berkeley, Calif., filed a registration statement (File 2-16453) with the SEC on April 11, 1960, seeking registration of 150,000 shares of capital stock, to be offered for public sale through a group of underwriters headed by William R. Staats & Co. The offering price and underwriting terms will be supplied by amendment. The underwriter has acquired from the company warrants for the purchase of 10,000 shares of capital stock at an initial price equal to 110% of the public offering price.

The company is engaged in the manufacture and sale of "on the spot" labeling and identification equipment and tapes and in packaging engineering, contract packaging, and sales of packaging specialty products. The company is presently negotiating to lease a new plant and approximately \$200,000 of the proceeds from the sale of the stock will be used for the purchase and installation of machinery and equipment in such plant. Approximately \$400,000 will be used for the acquisition of tools, dies, jigs and fixtures, and \$100,000 for leasehold improvements. If the company is unable to lease a plant on terms satisfactory to it, it will construct a new plant. The balance of the proceeds will be used for working capital, including an increase in inventories in connection with new product development.

In addition to certain indebtedness, the company has outstanding 291,985 shares of capital stock of which 199,083 shares (68.18%) are owned by officers and directors. These include 87,630 shares (30.01%) owned by Rudolph Huwrich, president, and 34,259 shares (11.73%) owned by Leo B. Helzel, board chairman and treasurer.

VIEWLEX FILES FOR OFFERING AND SECONDARY. Viewlex, Inc., 35-01 Queens Boulevard, Long Island City, N.Y., today filed a registration statement (File 2-16457) with the SEC seeking registration of 200,000 shares of class A stock, to be offered for public sale at \$4.00 per share. The offering will include 175,000 shares

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to be issued by the company and 25,000 shares which are outstanding and will be offered for the account of the holders thereof. The underwriting group is headed by Stanley Heller & Co., and the underwriting commission will be 50¢ per share. In addition, Stanley Heller has purchased 10,200 shares of Class A stock from certain officers of the company at 25¢ per share. An initial 2,500 shares of the new stock will be reserved for employees, other than officers and directors of the company, and the underwriters have agreed to waive their commissions on such sales.

The company is engaged in the design, manufacture and sale of audiovisual equipment including still projectors, sound slide film equipment utilizing magnetic tape and record player audio systems; oscillogram equipment for the developing and processing of oscillograms used in the missile program for fire control, tracking and stress analysis; photographic and electronic film training equipment; aerial cameras; and image motion compensating equipment using electronic and electromechanical devices for ground-to-air photography. In addition the company has under development advance visual aids. Of the net proceeds from the sale of the new stock \$100,000 will be used to purchase additional high speed automatic production equipment; \$150,000 for research and development of new products; \$75,000 to be reserved to cover the costs of moving present facilities into new and enlarged quarters; and the balance for working capital.

The company has outstanding 35,200 shares of class A stock and 624,800 shares of class B stock. Officers and directors own all of the class A stock; and except for 19,800 shares the families of Messrs. Louis and Ben Peirez, president and secretary-treasurer respectively, own all of the class B stock.

DUROX PROPOSES OFFERING. Durox of Minnesota, Inc., 414 Pioneer Bldg., St. Paul, Minn., filed a registration statement (File 2-16454) with the SEC on April 11, 1960, seeking registration of \$650,000 Seven Year 7% First Mortgage Bonds and 120,000 shares of common stock to be offered for public sale through underwriters headed by Irving J. Rice & Co., Inc., and M. H. Bishop & Co. The offering will be made on a best efforts basis in units of one bond (\$100 principal amount) and 20 shares of common stock or one unit of 50 bonds at principal amount plus accrued interest. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Colorado law in 1957 for the purpose of manufacturing and selling lightweight cellular concrete building material having the trade name "Durox," in Minnesota, Wisconsin, North and South Dakota, and part of Iowa. The company is not yet in production. According to the prospectus, Durox is a product of Swedish origin and is not yet in use in this country. It will be manufactured principally from silica sand, lime and cement. Swedish-American Industries, Inc., a subsidiary of the company, has an exclusive right to license the manufacture and sale of Durox in the United States. Proceeds from the sale of the bonds and stock will be used for additional plant and equipment and to provide working capital to commence and maintain production.

The company has outstanding 864,700 shares of common stock of which officers and directors own an aggregate of 22,296 shares (3%). Philip C. Bettenburg, president, is one of the promoters.

ALLEGHENY LUDLUM FILES THRIFT PLAN. Allegheny Ludlum Steel Corporation, 2000 Oliver Building, Pittsburgh, Pa., filed a registration statement (File 2-16456) with the SEC on April 11, 1960, seeking registration of 50,000 shares of common stock, to be issued in connection with its Thrift Plan for eligible employees.

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