

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



A brief summary of financial proposals filed with and actions by the S.E.C.

(In ordering full text of Releases from Publications Unit, cite number)

Washington 25, D.C.

FOR RELEASE May 2, 1962

**CHROMALLOY FILES FOR SECONDARY.** Chromalloy Corporation, 120 Broadway, New York, filed a registration statement (File 2-20298) with the SEC on April 27th seeking registration of 112,000 outstanding shares of common stock, to be offered for public sale by the holders thereof from time to time on the American Stock Exchange or the over-the-counter market at prices not in excess of prices then prevailing.

The company is engaged in (1) developing and promoting a process for the chromizing of ferrous metals for industrial users, (2) the production of large grey iron castings for the machine tool industry, (3) the production of solid propellants, explosives, related special chemicals and explosive actuated devices, (4) diffusion metal finishing and manufacture of specialized items, and (5) other activities. In December 1961, the company acquired all of the outstanding stock of Jack Schultz, Inc. (which sells men's trousers) from its sole stockholder and president, Jack L. Schultz; and subsequently Jack Schultz, Inc., as a wholly-owned subsidiary, entered into employment contracts with Schultz and four others. As a result of differences between the company and Schultz arising in March 1962, an agreement recently was entered into with Schultz pursuant to which the company obtained a release under its employment contract with Schultz and a release from certain of its continuing obligations under other agreements with him, and pursuant to which the total consideration to be paid by the company to Schultz was fixed at 112,000 common shares (the shares being registered). Schultz has sold 101,000 of such shares. In addition to certain indebtedness, the company has outstanding 1,014,834 shares of common stock, of which management officials as a group own 5%. Joseph Friedman is board chairman and Richard P. Seelig is president. The prospectus does not indicate the present owners of the 101,000 shares.

**MICRODOT FILES FOR OFFERING AND SECONDARY.** Microdot Inc., 220 Pasadena Avenue, South Pasadena, Calif., filed a registration statement (File 2-20310) with the SEC on April 30th seeking registration of 170,000 shares of capital stock, of which 156,000 shares are to be offered for public sale by the company and 14,000 shares, being outstanding stock, by the holders thereof. White, Weld & Co., 20 Broad Street, New York, heads the list of underwriters. The public offering price (maximum \$20 per share\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the design, development, manufacture and sale of components, instruments, and systems used in missiles and satellites, radar and communications systems. The company recently acquired for \$1,900,000 (\$400,000 in cash and the balance in notes), all of the outstanding stock of Varec, Inc. (now operated as a subsidiary), which is engaged in the design, development, manufacture and sale of equipment related to the measurement and conservation of liquids, gases and flowable solids. The \$2,300,000 estimated net proceeds from the company's sale of additional stock, together with \$1,000,000 from the sale to The Prudential Insurance Company of America of a 6 1/2% note in that amount and 15-year warrants to purchase 15,000 capital shares, will be used to pay in full \$1,300,000 notes maturing August 31, 1962 issued in connection with the Varec acquisition and to reduce bank loans of \$2,000,000, of which \$400,000 was incurred to pay the down payment for the Varec stock and the balance to finance inventories and other working capital requirements, to purchase additional equipment and to construct additional facilities.

In addition to certain indebtedness, the company has outstanding 451,620 capital shares, of which management officials as a group own 42,345 shares. Robert S. Dickerman is board chairman and president. The prospectus lists four selling stockholders owning an aggregate of 42,631 shares, including Franklin R. Goodman and J. Edward Stankey who propose to sell 5,000 shares each of 15,000 shares owned by each.

**BIG TOP STORES FILES FOR STOCK OFFERING.** Big Top Stores, Inc., 832 Scarsdale Avenue, Scarsdale, N. Y., filed a registration statement (File 2-20311) with the SEC on April 30th seeking registration of 85,000 shares of common stock, to be offered for public sale at \$4 per share. The offering will be made on a best efforts all or none basis by Irwin Karp & Co., Inc., 68 William Street, New York, which will receive a 48c per share commission and \$8,000 for expenses. The statement also includes 8,500 outstanding shares sold to the underwriter by principal stockholders at 10c per share. The company has granted to the underwriter a 5-year option to purchase an additional 8,500 shares at \$4 per share, and certain stockholders have granted a like option to purchase 5,000 of their shares to George Canter, the finder. A \$3,000 finder's fee is also payable to Canter by the company.

The company was organized under New York law in April 1962 as successor to various businesses now operated as wholly-owned subsidiaries. Through these subsidiaries, the company is engaged in three major activities: the ownership and operation of retail toy, stationery and variety stores; the establishment and equipping of additional locations under the name "Big Top" and the franchise sale of these stores to be operated under the name "Big Top"; and the operation of a wholesale purchasing division to supply the company's retail stores, the franchised stores as well as other retail stores, supermarket chains and discount centers. The \$254,000 estimated net proceeds from the stock sale will be used to acquire and equip additional locations, for inventory requirements of new units and for general working capital. The company has outstanding 123,500 shares of common stock, of which Martin Rotker, president, and William Langus, secretary-treasurer, own 38.5% each.

OVER

**SCIENTIFIC EQUIPMENT MFG. FILES FOR STOCK OFFERING.** Scientific Equipment Manufacturing Corp., 20 North Avenue, Larchmont, New York, filed a registration statement (File 2-20312) with the SEC on April 30th seeking registration of 83,500 shares of common stock, to be offered for public sale at \$6 per share. The offering will be made through underwriters headed by Coggeshall & Hicks, 111 Broadway, and Ernest M. Fuller & Co., 120 Broadway, both of New York, which will receive a 72¢ per share commission and \$10,000 for expenses. The statement also includes 13,500 shares underlying 5-year warrants to be sold to the underwriters at 1¢ each, exercisable at \$6 per share. A finder's fee of \$18,000 is payable by the company to Sidney B. Josephson.

The company is engaged in the manufacture and sale of sterilizers, multi-dose jet vaccine injectors, operating and dental lights and other hospital and physicians' equipment. A subsidiary manufactures and sells screw machine products. Of the net proceeds from the stock sale, \$250,000 will be used to finance increased inventories and accounts receivable and the balance for additional machinery, tools and dies for development of new product lines and to cover expenses of a proposed move to larger quarters. In addition to certain indebtedness, the company has outstanding 135,000 shares of common stock (after giving effect to a proposed 1,350-for-1 stock split), of which Herman S. Nathanson, president, and Alvan Harrison, vice president, own 29.75% each and management officials as a group 61.10%. Sale of new stock to the public at \$6 per share will result in an increase in the book value of outstanding stock from \$1.35 to \$2.50 per share, with a resulting dilution of \$3.50 per share in the book equity of stock purchased by the public.

**TECHNICAL CAPITAL FILES FOR STOCK OFFERING.** Technical Capital Corporation, 235 East 42nd Street, New York, filed a registration statement (File 2-20313) with the SEC on April 30th seeking registration of 500,000 shares of common stock, to be offered for public sale at \$10 per share. The offering will be made through underwriters headed by Straus, Blosser & McDowell, 39 South La Salle Street, Chicago, which will receive a \$1 per share commission. The prospectus states that 100,000 of such shares will be reserved for sale, at the public offering price, to management officials and certain other persons having an interest in company affairs.

Organized under New York law in May 1961, the company is licensed as a small business investment company under the Small Business Investment Act of 1958, but has not yet engaged in any business activities; and it is also registered under the Investment Company Act of 1940 as a closed-end, non-diversified management investment company. Its primary objective will be appreciation of capital; and it intends to invest in concerns primarily engaged in the fields of electronics, chemicals, instrumentation, automation devices, leisure time devices and associated fields. The \$4,430,000 estimated net proceeds from the stock sale will be added to general funds and used to provide equity capital and long-term loans to small business concerns and render advisory and management counseling services to such concerns.

The company has outstanding 35,625 shares of common stock (purchased at \$9 per share), of which Joseph M. Colby, board chairman, and David Wolkov, president, own 7% each and management officials as a group 89.5%.

**G.M.S. STORES FILES FOR STOCK OFFERING.** G.M.S. Stores, Inc., 19 West 34th Street, New York, filed a registration statement (File 2-20314) with the SEC on April 30th seeking registration of 140,000 shares of common stock, to be offered for public sale at \$4 per share. The offering will be made through underwriters headed by Preiss, Cinder & Hoffman, Inc., 5 Broadway, New York, which will receive a 40¢ per share commission and \$17,500 for expenses. The statement also includes 15,000 shares sold to the principal underwriter at 98¢ per share. The underwriter will pay \$2,200 to Elliot Bregstein, the finder, and sell to him at cost 2,250 shares.

The company, through subsidiaries, presently operates four discount centers under the name "Tri-State Discount Center," two of which are in Pennsylvania and one each in Maryland and South Carolina. The company plans to open three new centers during the next year. The net proceeds from the stock sale will be used to open the new centers, one of which is to be located in Williamsport, Pa., and the others being tentatively planned for Fayetteville, N.C., and Savannah, Georgia. It is estimated that the opening of each new store will involve expenditures of \$175,000 to \$200,000 for inventory, promotional expenses, initial lease payments and sundry other expenses. Any balance of net proceeds will be added to working capital. In addition to certain indebtedness, the company has outstanding 195,000 shares of common stock (after giving effect to a recent 150-for-1 stock split), of which Hyman P. Malachoff, president, and Bernard W. Goldstein and Eugene H. Sharpstein, vice presidents, own 30.76% each. Book value of such outstanding stock is 98¢ per share.

**GREEN INSTRUMENTS FILES FOR STOCK OFFERING.** Henry J. Green Instruments, Inc., 2500 Shames Drive, Westbury, L. I., N. Y., filed a registration statement (File 2-20315) with the SEC on April 30th seeking registration of 150,000 shares of common stock, to be offered for public sale without underwriting at \$2.25 per share. Any brokers and dealers whom the company may employ to sell shares will receive commissions not to exceed 10% of the public offering price.

The company specializes in the manufacture of certain precision "weather-sensing" instruments designed to measure and record atmospheric conditions for various scientific and industrial purposes. The \$303,750 estimated net proceeds from the stock sale will be used to retire existing bank loans, to pay loans by officers, to purchase new machinery and test equipment, to modernize equipment and machinery, to liquidate current accounts payable, and for general corporate purposes including salaries for engineering and technical personnel. In addition to certain indebtedness, the company has outstanding 175,000 shares of common stock (after giving effect to a 875-for-1 stock split in July 1961), of which James W. Watson, president, Richard Whatham, vice president, and Frank J. Erickson, treasurer, own 33-1/3% each. Sale of new stock to the public at \$2.25 per share will result in an increase in the book value of stock now outstanding from about 35¢ to about \$1.12 per share with a resulting dilution of about \$1.13 per share in the book equity of stock purchased by the public.

**CLARK CABLE CORP. PROPOSES DEBENTURE RIGHTS OFFERING.** Clark Cable Corporation, 3184 West 32nd Street, Cleveland, filed a registration statement (File 2-20316) with the SEC on April 30th seeking registration of \$787,500 of 6½% convertible subordinated debentures due 1972. It is proposed to offer such debentures for subscription by common stockholders at 100% of principal amount and at the rate of \$150 of debentures for each 100 shares held. Robert L. Ferman & Company, 1104 Ainsley Building, Miami, heads the list of underwriters, which will receive an aggregate commission of \$53,925 plus certain expenses. The record date is to be supplied by amendment. The statement also includes 20,000 outstanding shares underlying 30-month warrants sold to the underwriter by principal stockholders at 1¢ each, exercisable at a price to be supplied by amendment.

The company manufactures electronic, electrical and mechanical systems and components, as well as specialty cable assemblies for electronic and electrical applications and replacement parts for missiles, aircraft, naval vessels, tanks, trucks, ground-to-air control devices, and other military and defense applications. A subsidiary manufactures multi-fuel heaters and electronic and hydraulic missile handling systems, hydraulic power packages and jet blast deflectors used in launching jet aircraft from carriers and other vessels; and through a recent acquisition the company has diversified its activities into wholesale distribution of electrical components to the construction industry and other industrial and commercial users as well as to the United States Government. The \$684,000 estimated net proceeds from the debenture sale will be used for general working capital purposes including inventory requirements, research and development costs, expansion of engineering staff, product diversification, and sales promotion. A portion may be used to acquire existing companies or to establish branch facilities.

In addition to certain indebtedness, the company has outstanding 525,020 shares of common stock, of which J. Ed Sandford, president, and William S. Beckenbach, a vice president, own 19.45% and 16.35%, respectively, and management officials as a group 41.49%.

**SENTINEL PROPERTIES FILES FOR STOCK OFFERING AND EXCHANGE.** Sentinel Properties Corp., 565 Fifth Ave., New York, filed a registration statement (File 2-20317) with the SEC on May 1st seeking registration of 200,000 shares of Class A common stock, to be offered for public sale at \$10 per share. No underwriting is involved. The statement also includes (1) \$3,021,700 of 8% subordinated convertible debentures due 1977 (interest rate to be supplied by amendment) and 237,580 Class A shares, to be offered in exchange for certain outstanding interests in certain partnerships and corporations and other property, and (2) 35,000 Class A shares which may be issued for a \$350,000 promissory note issued by the company in March 1962 pursuant to its purchase for that amount of 9-15 Murray Street Company which owns the fee to the property at that address in New York City.

Organized under Delaware law in December 1961, the company proposes to engage, among other things, in the investment in and operation of real estate. As a result of the exchange offer and purchase, the company will own properties or property interests in New York City and 4 other New York cities and two in New Jersey. Simon Goldstein, president, and Eli Fishbein and Abraham Greenberg, vice president, are general and/or limited partners in various of the partnerships the subject of the exchange offer, and they will receive 3,069, 21,040 and 7,840 Class A shares, respectively, for their capital interests therein. Mortgages and other indebtedness affecting said properties (including 9-15 Murray Street) aggregate about \$6,566,488. A portion of the net proceeds from the cash sale of stock will be loaned to Cooper-Bregstein Realty Co. (a copartnership consisting of Louis Cooper and Jerry Bregstein) which proposes to construct a building on the southeast corner of the Avenue of the Americas at 48th Street, New York City, which land is presently leased to Bregstein, Cooper and Dworman Development Corp. by William Waldorf Astor. Such loan in the amount of \$1,800,000 (\$50,000 paid on account) will be evidenced by a 6% note and secured by a 6% mortgage on the lease. This loan agreement is conditioned, among other things, upon the acquisition of an institutional commitment for a building loan of not less than \$2,750,000. Upon completion of the building the company will enter into a partnership to be known as 1212 Associates, at which time the company will assign to the partnership the note and leasehold mortgage, in the then reduced amount thereof, and will receive a 50% capital interest in the partnership.

The company now has outstanding 300 Class A shares (purchased for an aggregate of \$3,000) and 150,000 Class B shares (purchased for an aggregate of \$75,000), of which Class A stock Goldstein, Fishbein and Greenberg own 33.33% each. They also own 22%, 22% and 17.5%, respectively, of the Class B shares, and Bregstein and Cooper 11% each.

**COPENHAGEN TELEPHONE PROPOSES DEBENTURE OFFERING.** Kjobenhavns Telefon Aktieselskab (Copenhagen Telephone Company, Incorporated), of Copenhagen, Denmark, filed a registration statement (File 2-20318) with the SEC on May 1st seeking registration of \$15,000,000 of sinking fund dollar debentures due 1977, to be offered for public sale through underwriters headed by Smith, Barney & Co., 20 Broad Street, New York, and three other firms. The interest rate, public offering price and underwriting terms are to be supplied by amendment. The net proceeds from the debenture sale will be converted into Danish kroner and applied (together with other funds) to the company's 1962 construction program, estimated at \$21,000,000. The company estimates that about the same amount may be expended for construction during 1963.

**REGISTRATIONS OF TWO FIRMS REVOKED.** The SEC today announced the revocation of the broker-dealer registrations of the following for fraudulent and manipulative activities in the offer and sale of Anaconda Lead & Silver Co. stock in 1959: Scott Taylor & Co., Inc. ("Scott-Taylor"), of 27 William Street, and Theodore A. Landau, doing business as Landau Company ("Landau"), of 11 Broadway, both of New York. Scott-Taylor admitted violations of the anti-fraud provisions of the Federal securities laws in connection with the offer and sale of Anaconda Lead stock and consented to the revocation of its registration, as did Stephen N. Stevens, president and sole stockholder, who was found to be a cause of such revocation. Although Landau contended that he acted innocently as a mere "trading house" for Scott-Taylor, the Commission ruled that he was a participant with Scott-Taylor in an illegal and fraudulent enterprise, or aided and abetted in Scott-Taylor's violations.

According to the Commission's decision, Anaconda Lead was a Nevada mining company which had been inactive for several years when in late 1958 its president, Howard P. Waite, learned that Arnold D. Naidich, an attorney, was looking for a defunct corporation which had made a filing pursuant to SEC Regulation A. In 1959 Waite and company counsel, Karl W. Farr, spoke at various times with Naidich, with Fred W. Hesse, and with Stevens, concerning Anaconda Lead and its stock. Waite, who then owned 2,300,000 of the 7,000,000 outstanding shares of Anaconda Lead common, had been trying to reactivate the enterprise by seeking to reinstate lapsed and defaulted leases and contracts and to acquire additional properties. Farr owned an additional 200,000 shares. Waite had sought unsuccessfully through Naidich to sell his entire holdings for \$30,000 (less than 1½¢ per share); but in 1959 Naidich and Hesse arranged for the purchase of 102,000 shares from Waite at 15¢ per share and another block of 114,000 shares for \$30,000, and for the purchase from Farr of two blocks of 100,000 shares each at 15¢ to 20¢ per share. At the requests of Naidich and Hesse, a substantial number of shares from the 102,000-share block were transferred to the name of Jack E. Roberts and 30,000 to the name of Joseph Wolfe; and the other 114,000 shares obtained from Waite were transferred to the name of Harold Wallace.

Landau opened an account in the name of Roberts and as his agent sold over 15,000 shares to various broker-dealers. The 30,000 shares in Wolfe's name were sold at 60¢ per share by Naidich to Judson Commercial Corp., of which Wolfe was a principal officer; and Judson sold these shares to Alexander Guterma, whose secretary delivered them to Landau and three other firms for sale. Landau, as agent for Scott-Taylor, purchased 22,000 of the 30,000 shares between May 1 and June 10, 1959; and subsequently he purchased another 12,000 shares from a Zurich bank.

In April 1959 Stevens had told Landau that Scott-Taylor "was going to go into" Anaconda Lead and asked him "to go into the sheets" for him. Landau inserted bids for Anaconda Lead stock generally at \$4.25, continuously from April to the middle of August 1959. During this period, Scott-Taylor acquired 43,650 shares, 35,150 through Landau. In addition, during this period, Landau sold for the accounts of Roberts and Hesse, and to a lesser extent for his own account, about 19,000 shares, to various firms and to two individual customers, at prices ranging from \$3.625 to \$4.75 per share. Scott-Taylor made an extensive distribution of the Anaconda Lead shares it acquired to numerous investors in at least 29 states, mostly at \$4.75 per share (but some at \$4.25 and \$4.60 per share).

Scott-Taylor and Stevens admitted that in the offer and sale of Anaconda Lead shares they made false and misleading statements concerning the market price of the stock; the company's management, assets, income, earnings and dividends; the production from properties held; and the ownership of interests therein by other well-known companies and the possibility of a merger with another company. Purchasers were not informed that Anaconda Lead had been inactive since 1952 and that it had no income, machinery or equipment and practically no funds. They also admitted that during such distribution of Anaconda Lead stock they caused Landau to publish bids for the stock and represented that the stock was being offered at the market when in fact the market was one made and controlled by them and Landau. Landau's continuous bids in the daily sheets, the Commission stated, not only served as a medium of getting the stock to Scott-Taylor but also materially assisted Scott-Taylor to distribute the stock to the public by providing the appearance of a "market" at artificially high prices on the basis of which the shares could be sold. The inevitable effect of his daily bidding, the Commission said, "was to create an unwarranted impression of interest and activity and to lend support to the price level at which the stock was being distributed by Scott-Taylor, thus facilitating and furthering such distribution," and all the circumstances "compel the inference that Landau acted in concert with Scott-Taylor to distribute Anaconda Lead stock and to bid for it at the same time for manipulative purposes."

**SEC CITES MIDWEST TECHNICAL DEVELOPMENT MANAGEMENT.** The SEC on May 1st filed suit (USDC Minn.) charging Arnold J. Ryden, Jr., board chairman of Midwest Technical Development Corporation, together with John B. Hawthorne, president, and sixteen other present and past officers and directors of that company, with gross misconduct and gross abuse of trust and other violations of Investment Company Act (Release Lit-2255) and seeking recovery against the individual defendants of unlawful profits diverted from the company and its subsidiary, Technical Management Services Corp.

**MILLER-SELECTIVE SECURITIES ENJOINED.** The SEC New York Regional Office announced April 27th (Lit-2256) the entry of a Federal court order (USDC SDNY) on April 6th permanently enjoining Sidney Miller and Alfred Miller, doing business as Selective Securities, of 50 Broad St., New York, from further violations of the SEC record-keeping rules.

**IRWIN GLASER SENTENCED.** On April 26th, Irwin C. Glaser received a two-year suspended sentence (USDC, Fla.), was fined \$18,000, and placed on probation for two years on condition that he pay the fine within 30 days, following jury verdict of guilty of violating Securities Act anti-fraud provisions in sale of Columbus Rexall Oil stock. (Lit-2257)

**SECURITIES ACT REGISTRATIONS.** Effective May 1: Belco Petroleum Corp. (File 2-19979). Effective May 2: Burndy Corp. (File 2-20213); The Geotechnical Corp. (File 2-19904); Investors Funding Corp. of New York (File 2-19801); Magnetics, Inc. (File 2-19812); Marine Midland Corp. (File 2-19804); Ramer Industries, Inc. (File 2-19798); Southwestern Insurance Co. (File 2-19520); West Chemical Products, Inc. (File 2-19947). Withdrawn April 30: Master Fund, Inc. (File 2-16286). Withdrawn May 2: Caldwell Publishing Corp. (File 2-19241).

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