

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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NEW REGISTRATION FORM ADOPTED. The SEC today announced the adoption of a new short form (Form S-7) for the registration under the Securities Act of either equity or debt securities to be offered to the public for cash. The new form may be used not only by issuers of listed securities but also by domestic issuers which are subject to, and have complied with, the reporting and proxy disclosure requirements of the Securities Exchange Act. Issuers which use the form must also meet the following additional requirements: (a) the registrant must have been engaged in business of the same general character since the beginning of the last five fiscal years; (b) a majority of the board of directors must have been directors of the registrant for at least three fiscal years; (c) the registrant must not have been in default on its indebtedness, preferred stock or long-term leases during the past ten years; (d) sales or gross revenues of the registrant and its consolidated subsidiaries must have totalled \$50,000,000 for the last fiscal year; net income for such year must have been at least \$2,500,000; and net income for each of the preceding four fiscal years must have been at least \$1,000,000; and (e) if common stock, or securities convertible into common stock, are to be registered, any dividends paid during the past five fiscal years must have been earned in the year in which paid. If stock dividends were paid, they must have been charged to earned surplus at the fair market value of the stock issued as a dividend.

The form represents a closer integration of the requirements of the Securities Act and the Securities Exchange within the present statutory framework. The Commission anticipates that prospectuses and registration statements on this form will be substantially shorter than heretofore and will, therefore, be substantially easier both for the issuer to prepare and for the Commission to process. For this reason, bearing in mind the information about the issuer publicly available, the Commission hopes to be in a position to consider favorably, in most cases, requests to shorten substantially the waiting period between filing and effectiveness of statements on the new form.

DISCLOSURE STUDY PROPOSED. SEC Chairman Manuel F. Cohen today announced the formation of a Study Group within the Commission to examine the operation of the disclosure provisions of the Securities Act of 1933 and the Securities Exchange Act of 1934 and Commission rules and regulations thereunder. Commissioner Francis M. Wheat will have overall supervision of the Study, assisted by a small group drawn from the various operating divisions of the Commission. Charles E. Shreve, Executive Assistant Director of the Division of Corporation Finance, will serve as adviser to the Study. Richard M. Phillips, Assistant General Counsel, has been designated staff director and Bernard Wexler, Special Counsel of the Division of Corporate Regulation, will serve as special counsel to the Study. The Study will inquire into means for improving the administration and enforcement of the disclosure requirements of the two Acts and dissemination to the investing public of information material to investment decisions. The Study will also review the need for changes in the registration provisions and exemptions from registration of the Securities Act and the feasibility of further integrating the disclosures required by the Securities Act with those required by the Exchange Act.

The Commission has concluded that it is appropriate at this time to institute a comprehensive study into the effectiveness of present disclosure requirements in the light of changing trends in corporate finance and in the pattern of public stock ownership and trading activity, as well as technological advances in the means for dissemination of information to the public. The Study Group expects to work closely with the various segments of the securities industry and members of the professions and will welcome the cooperation and suggestions of all persons interested in or affected by the disclosure provisions of the federal securities laws.

TILNEY CO. RESTRICTION EXTENDED. The SEC New York Regional Office announced November 20 (LR-3874) the entry of a Federal court order in New York City extending for an additional 14 days from November 20 a prohibition on the transfer of the assets of the New York broker-dealer firm of Tilney & Company. Previously, the defendant and its general partner, Frederick Tilney, had consented to a permanent injunction against the conduct of a securities business in violation of SEC record-keeping and financial reporting rules and directing the Tilney firm to get its books and records up to date and file a certified financial report.

ARIZONA CITY DEVELOPMENT RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-5176) authorizing Arizona City Development Corporation ("applicant"), Arizona City, Ariz., subsidiary of Business Funds, Inc. ("BFI"), a non-diversified management investment company, to terminate a contract for the financing, construction of facilities and furnishing of water between applicant and Arizona City Utilities, Inc. ("Utilities"), an Arizona corporation, in which Howard L. Terry, a director of BFI, has a 25% interest. Applicant and Utilities have agreed to terminate the water contract; and Utilities has agreed to transfer the properties and assets comprising the water system to Arizona Water Company, a nominee of applicant.

UNLISTED TRADING GRANTED. The SEC has issued orders under the Securities Exchange Act (Release 34-8198) granting applications of (1) the Philadelphia-Baltimore-Washington Stock Exchange for unlisted trading privileges in the common stocks of Delta Air Lines, Inc. (Delaware), Callahan Mining Corporation and Kennametal, Inc., and (2) the Pacific Coast Stock Exchange for such privileges in the common stock of Warner Bros.-Seven Arts Limited.

OVER

RIKER VIDEO FILES EXCHANGE PLAN. Riker Video Industries, Inc. ("Riker"), 100 Parkway Drive South, Hauppauge, N. Y. 11787, filed a registration statement (File 2-27748) with the SEC on November 27 seeking registration of 112,413 shares of common stock. Riker is the record and beneficial owner of 70,000 shares (32%) of the issued and outstanding capital stock of Ward Leonard Electric Co. ("Ward Leonard"). Riker proposes to offer 112,413 of its common shares in exchange for the 149,881 Ward Leonard shares not owned by it. The exchange ratio is to be supplied by amendment. The prospectus also covers (1) 52,500 Riker common shares issuable pursuant to two of its employee stock option plans, and (2) 5,000 Riker common shares issuable upon the exercise of common stock purchase warrants held by Mr. and Mrs. Allen Klein, who have indicated the intention to transfer such warrants to "The Erwin Lane Cancer Foundation," a Foundation to be established in the memory of Erwin Lane, a founder and former board chairman of the company. The shares issuable to the optionees and the warrants and/or underlying stock may be offered or sold in the over-the-counter market at prices prevailing at the time of sale.

Riker is engaged in the design and manufacture of all-transistor video broadcasting equipment for use by television broadcasters in the production of both color and monochrome television programs. In addition to indebtedness, it has outstanding 611,405 common shares, of which the Estate of Erwin Lane owns 24.5%, S. Marcus Finkle (board chairman), 6.7%, and David S. Lawi (secretary and treasurer), 6.4%. Ward Leonard is engaged in the design, development, manufacture and sale of electrical and electronic components and systems, and related products.

PRIVATE AND COMPUTER SCHOOLS PROPOSES OFFERING. Private and Computer Schools, Inc., 1019 Broad St., Newark, N. J., filed a registration statement (File 2-27750) with the SEC on November 28 seeking registration of 110,000 shares of common stock, to be offered for public sale at \$5.00 per share. The offering is to be made through underwriters headed by Arnold, Wilkens & Co. Inc., 50 Broadway, New York 10004, for which it will receive a 50c per share commission plus \$10,000 for expenses. The company also has agreed to sell to the underwriters, for \$18.80, 18,800 four-year common stock purchase warrants, exercisable initially at \$5.50.

The company is engaged in the operation of schools which offer various academic and business courses to the public and courses in the operation and programming of I.B.M. computer systems. Of the net proceeds of its stock sale, \$250,000 will be reserved against the estimated cost of constructing and equipping a new building to house the Newark Preparatory School and Essex College of Business upon the anticipated condemnation of the present premises by the City of Newark; \$75,000 will be used to defray actual out of pocket expenses in connection with the opening of three additional Programming and Systems Institute Schools in 1968; and the balance will be added to general working capital. In addition to indebtedness, the company has outstanding 140,000 common shares, of which management officials own 56% (including 26.025% owned by Arthur Garson, president).

COMPUTER SERVICENTERS PROPOSES OFFERING. Computer Servicers, Inc., Tenth Floor, Daniel Bldg., Greenville, S. C. 29601, filed a registration statement (File 2-27751) with the SEC on November 28 seeking registration of 125,000 shares of common stock. The shares are to be offered for public sale through underwriters headed by Alester G. Furman Co., Inc., of the above address. The public offering price (\$6.00 per share maximum*) and underwriting terms are to be supplied by amendment. The company has granted to the underwriter a five-year common stock purchase warrant to purchase 10,000 common shares, exercisable at a price 20% in excess of the public offering price.

The company was organized to acquire and operate commercial data processing service centers. Of the net proceeds of its stock sale, \$250,000 will be used to purchase outright numerous pieces of tabulating and data processing equipment, currently leased by the operating subsidiaries, \$250,000 to provide funds for investment in on-line data processing hardware (primarily terminal units) and data communications software, and \$40,000 to retire short-term indebtedness to a bank; the balance will be added to working capital and may be used in part to finance possible future acquisitions of operating subsidiaries. In addition to indebtedness, the company has outstanding 751,342 common shares, of which the Daniel Construction Company Employees Profit Sharing Trust owns 24.4%, The Arkwright Foundation (a South Carolina non-profit charitable corporation), 14%, Alester G. Furman III (board chairman) and Arthur C. McCall (an employee of the underwriter), 19%, and J. C. Keys, Jr., (a director), 10.9%.

AUTOMATIC STEEL PROPOSES OFFERING. Automatic Steel Products, Inc., 1201 Camden Ave., S.W., Canton, Ohio 44706, filed a registration statement (File 2-27753) with the SEC on November 28 seeking registration of 125,000 shares of common stock. The shares are to be offered for public sale through underwriters headed by Shields & Co. Inc., 44 Wall St., New York 10005. The public offering price (\$24.00 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture of steel pulleys and jacks, clutches and brakes, tubing assemblies, bathroom and home heating equipment and rope and twine. Of the net proceeds of its stock sale, \$900,000 will be used for expansion of buildings and facilities; the balance will be added to working capital to be used for general corporate purposes and in connection with future acquisitions. In addition to indebtedness, the company has outstanding 565,934 common shares, of which management officials own 21%. Sidney Harris is board chairman and Glenn M. Brown is president.

SECURITIES ACT REGISTRATIONS. Effective November 28: Northern Natural Gas Co., 2-27603; Pacific Northwest Bell Telephone Co., 2-27658; R. C. L. Electronics, Inc., 2-27517 (Feb 27); Spectral Dynamics Corp. of San Diego, 2-27627 (90 days); Tolchin Instruments, Inc., 2-27357 (90 days); The Villager, Inc., 2-26595. Withdrawn November 27: Chromalloy American Corp., 2-27274; Preferred American Life Insurance Co., 2-24342. Withdrawn November 27: Rare Coins, Inc., 2-23157.

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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