

# 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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**VIOLATIONS CHARGED TO LEONARD & CO.** The SEC has instituted proceedings under the Securities Exchange Act of 1934 to determine whether W. E. Leonard & Company, Inc., 15 William St., New York, defrauded investors in the offer and sale of stock of Trans Central Industries, Inc., and, if so, whether its broker-dealer registration should be revoked.

Leonard & Company has been registered with the Commission as a broker-dealer since August 1958. Leonard Quashen is listed as president. During the period September 7, 1960 to date, the following served as salesmen: Jerome Schwartz, also known as Jerry Shaw; Henry Cohen, also known as Bobbie Allen; Robert A. Hendison and Albert Sol Lerch. The Commission's order asserts that during such period Leonard & Company, Quashen and the four salesmen offered and sold stock of Trans Central (formerly known as Trans Central Petroleum Corporation) by means of false and misleading representations and "engaged in acts, practices and a course of business which operated as a fraud and deceit" upon the purchasers of the stock. The alleged misrepresentations related among other things to the following: (1) the oil properties and earnings of Trans Central; (2) the source of Trans Central stock being sold, fees and commissions charged in such sales, quotation of the stock in The Wall Street Journal, increase in the price of the stock, and the listing of the stock on an exchange; and (3) the length of time Leonard & Company has been in business.

A hearing will be held, at a time and place later to be determined, for the purpose of taking evidence on the foregoing. (NOTE TO PRESS. Copies of foregoing also available in New York Regional Office).

**PERPETUAL SECURITY LIFE PROPOSES STOCK OFFERING.** Perpetual Security Life Insurance Company, 604½ Main St., Boise, Idaho, filed a registration statement (File 2-18507) with the SEC on July 17th seeking registration of 1,000,000 shares of capital stock. Of this stock, 560,157.4 shares have been purchased and fully paid; and the balance of 439,842.6 shares have been subscribed for on which payment is not yet due. The company was organized under Idaho law in December 1958. Idaho Founders, Inc., was the promoter and parent company; and the officers and directors of the two companies are substantially identical. Under an agreement between Idaho Founders and Pacific Inter-Mountain Securities, Inc., the underwriter, the latter was required to sell 500,000 shares at \$2.50 per share; and each subscribed to purchase 250,000 shares at \$2.50 per share, to be paid for on or before three years from date of July 1, 1958. The 500,000 shares were offered at public sale to residents of Idaho and was over-subscribed to the extent of 14,892 shares, which were provided by deduction from the subscription of Idaho Founders. In addition a portion of the shares subscribed by the Underwriter and Idaho Founders were paid for and issued, leaving the subscribed but unissued stock by Idaho Founders of 222,468 shares and by the underwriter of 217,361 shares. The underwriter receives 50¢ for each share sold by it or purchased under its subscription agreement, and 25¢ for each share purchased by Idaho Founders. Of the 22,468 subscribed shares for which Idaho Founders is liable, there were outstanding options to pay for and receive such shares to the extent of 177,130 shares held primarily by management officials; and of the 217,361 shares subscribed for which the underwriter is liable, there were outstanding options to pay for and receive such shares to the extent of 165,711 shares held by purchasers from the underwriter or by third parties in payment of organization, printing and other expenses. The prospectus indicates that, from the proceeds of the sale of 560,157.4 shares at \$2.50 per share, the underwriters received commissions of \$273,177.50 which covered all expenses of promotion. Among the management holders of options are Wyman X. Zachary, company president. Net proceeds of the sale of additional stock will be used to further expand the company's business operations.

**ACRO ELECTRONIC PRODUCTS FILES FOR STOCK OFFERING.** Acro Electronic Products Company, 369 Shurs Lane, Philadelphia, Pa., filed a registration statement (File 2-18508) with the SEC on July 17th seeking registration of 100,000 shares of Class A common stock, to be offered for public sale at \$4 per share. The offering will be made on a best efforts basis through Roth & Company, Inc., which will receive a 48¢ per share selling commission and \$18,000 for expenses. The registration statement also includes 15,000 Class A shares which underlie 5-year warrants to be sold to the underwriter at one mil each, exercisable at \$1 per share, and 6,000 shares which underlie like warrants to be sold to Charles W. Lockyer as a finder's fee.

The company is engaged primarily in the research and development, and the manufacture and sale of power, audio, pulse and special-purpose transformers for electronic and electrical equipment. The company also manufactures and sells high-fidelity amplifiers and pre-amplifiers, both as "do-it-yourself" kits and in completely assembled form. The net proceeds from the stock sale will be used for removal to and equipment of a larger, leased plant, for the purchase of inventory, costs of research and development, expansion of advertising, promotion and merchandising, reduction of current indebtedness, and the balance will be added to general corporate funds for the purpose of additional working capital to carry inventories and accounts receivable.

In addition to certain indebtedness, the company has outstanding 14,800 Class A and 75,000 Class B common shares, of which Herbert I. Keroes, president, owns 67.5% and 99.5%, respectively. In addition, Leonard Klingsberg, executive vice president, and Anne Keroes, secretary, own 20.3% and 12.2%, respectively, of the Class A shares.

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**HOLIDAY INNS SHARES IN REGISTRATION.** Holiday Inns of America, Inc., 3736 Lamar Ave., Memphis, Tenn., filed a registration statement (File 2-18509) with the SEC on July 17th seeking registration of 250,000 shares of common stock and 750,000 shares of Class A common stock. According to the prospectus, these shares will be offered for time to time in connection with the acquisition by the company of licensee-owned Inns which form a part of the Holiday Inn System, the offering to be in the ratio of three Class A shares to one common share. At June 30th there were 196 Holiday Inns in operation in the United States, of which 23 were owned by the company, 7 leased by the company and 166 owned and operated by licensees. In addition 144 Inns were either under construction or planned; 6 under construction and 10 planned by the company and 34 under construction and 94 planned by licensees. The 166 Inns were owned and operated by about 125 licensees. It is intended to acquire all of the licensee-owned Inns over a period of time. Acquisitions may take the form of an exchange of company stock (in the ratio indicated) for stock of the licensee, a statutory merger or a purchase of the assets of the licensee. The basic purpose of the company in negotiating for such exchange "is to provide more uniformity in operating procedures, more effective control of services, and to eliminate from the Holiday Inn System operations which for any reason do not meet the high standards applicable to company-owned or operated Inns." The company has no present intention, however, to discontinue the sale of licenses.

In addition to certain indebtedness, the company now has outstanding 1,029,553 common shares (no Class A shares). Of the outstanding stock, nearly 14% is owned by Kemmons Wilson, board chairman, and nearly 30% by management officials as a group. In addition, nearly 26% is owned by Walkem Development Company, which is owned 50% by Wilson and 50% by Wallace E. Johnson, president, Alma E. Johnson, and Ernest B. McCool, secretary-treasurer.

**ELECTRO-MED PROPOSES DEBENTURE OFFERING.** Electro-Med, Inc., 4748 France Avenue North, Minneapolis, filed a registration statement (File 2-18510) with the SEC on July 17th seeking registration of \$540,000 of Convertible Subordinated Debentures due 1971, to be offered for public sale through underwriters headed Craig-Hallum, Kinnard, Inc. The interest rate, public offering price and underwriting terms are to be supplied by amendment. Also included in the statement are 5,000 Class A common shares underlying a five-year option to be granted the principal underwriter.

The company was organized in February 1960 to engage in the development, production and sale of medical-electronic instruments for use by research laboratories, medical technicians and others engaged in behavioural, pharmacological and medical research. In April 1961 it acquired all outstanding securities of two Minnesota companies, Precision, Inc. and Precision Metalcraft, Inc., which it intends to operate as integrated operating divisions, transferring to them production and fabrication of company products. Precision had engaged in the manufacture of small assemblies consisting primarily of resistors and gyro assemblies and Precision Metalcraft in the manufacture of manually-operated vending machines and steel cabinets. The company has paid \$125,000 for the securities of the two companies; and it proposes to pay the \$375,000 balance of the purchase price from the proceeds of this financing. One of the sellers was Arthur H. Benner, who has become a company director. The balance of the proceeds will be used to replace the working capital used to make the initial payments under the purchase agreement.

In addition to indebtedness, the company has outstanding 377,500 common shares, of which 140,500 shares were issued to promoters at \$1 per share and 20,000 shares for services. The company has granted options to purchase an additional 118,500 shares to officers and key employees (62,500 to promoters). Management officials own 18.4% of the outstanding stock. Guy H. Miles is listed as president.

**WISCONSIN POWER PROPOSES PREFERRED STOCK OFFERING.** Wisconsin Power and Light Company, 122 West Washington Ave., Madison, filed a registration statement (File 2-18511) with the SEC on July 17th seeking registration of 65,000 shares of \$100 par preferred stock. Of this stock, 50,000 shares will be offered for public sale through underwriters headed by Smith, Barney & Co. and Robert W. Baird & Co. The offering price and underwriting terms are to be supplied by amendment. The company proposes to offer its preferred stockholders of record August 10th and its employees, rights to subscribe for not more than 15,000 shares, the underwriters to purchase unsubscribed stock. Net proceeds of the sale of the new preferred will be used to pay or reimburse the company for part of the cost of property additions and improvements made and to be made. These expenditures are estimated at \$35,700,000 for 1961 and 1962 (\$16,800,000 in 1961).

**NUTONE FILES FOR SECONDARY.** NuTone, Incorporated, Madison and Red Bank Roads, Cincinnati, Ohio, filed a registration statement (File 2-18512) with the SEC on July 17th seeking registration of 375,000 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering will be made on an all or none basis through underwriters headed by Kidder, Peabody & Co. The public offering price and underwriting terms are to be supplied by amendment.

The company was organized under Delaware law in 1961 and in August 1961 plans to acquire all of the business and assets of a New York corporation having the same name organized in 1936 by J. Ralph Corbett, board chairman. The predecessor company manufactures a line of built-in appliances designed primarily for use in homes and apartments and is a producer of built-in exhaust fans and ventilating range hoods and built-in auxiliary heaters, of door chimes and of built-in food preparation appliances. It also produces built-in high-fidelity radio and stereo systems, all of which include intercommunication.

The company has outstanding 1,526,475 shares of common stock, of which J. Ralph Corbett and Patricia A. Corbett, a vice president, own 585,000 shares each and propose to sell 187,500 shares each. E. Herbert Bladh is listed as president.

**KINGS ELECTRONICS HEARING POSTPONED.** The SEC has authorized a postponement from July 19 to July 26, 1961, of the hearing in stop order proceedings involving the registration statement filed by Kings Electronics Co., of Tuckahoe, N. Y.

**DATOM INDUSTRIES FILES FOR STOCK OFFERING.** Datom Industries, Inc., 350 Scotland Road, Orange, N. J., filed a registration statement (File 2-18513) with the SEC on July 17th seeking registration of 112,500 shares of common stock, to be offered for public sale at \$4 per share. The offering will be made on an all or none basis through underwriters headed by Robert L. Ferman & Company, which will receive a 48¢ per share commission and \$7,000 for expenses. The registration statement also includes 12,500 outstanding common shares which the former holders thereof sold to the principal underwriter for an aggregate of \$1,250.

The company (formerly Sonic-Datom Corp.) engineers, designs, manufactures and distributes at wholesale levels such electric and electrical products as transistorized and conventional tube radios, portable phonographs and educational kits. The net proceeds from the stock sale will be used for working capital and other corporate purposes, such as additional skilled personnel, leasehold improvements, additional equipment, tools and machinery, build-up of inventories, general advertising and merchandising, and new product development.

The company has outstanding 196,224 shares of common stock, of which Oscar Dolgins, president, and Milton Dolgins, vice president, own 46.8% each.

**UNION ELECTRIC BOND OFFERING CLEARED.** The SEC has issued an order under the Holding Company Act (Release 35-14479) authorizing Union Electric Company, St. Louis, to issue and sell at competitive bidding \$30,000,000 of First Mortgage Bonds due 1991. Net proceeds of the sale of the bonds, after repayment of short-term bank notes of \$15,500,000, together with cash derived from operations, will provide for part of the company's construction expenditures during 1961.

**CHURCHILL STEREO FILES FOR STOCK OFFERING.** Churchill Stereo Corp., 200 East 98th Street, Brooklyn, N.Y. filed a registration statement (File 2-18514) with the SEC on July 17th seeking registration of 105,000 shares of common stock and a like number of attached 5-year warrants, to be offered for public sale in units (one share and one warrant), at \$3.60 per unit. The warrants are exercisable at from \$3.60 to \$5 per share. The offering will be made through underwriters headed by Lieberbaum & Co., which will receive a 36¢ per unit commission and \$15,000 for expenses. The registration statement also includes 9,750 outstanding common shares sold by two former holders thereof to the underwriter at 5¢ per share (and a like amount of warrants to be sold to the underwriter by the company at 1 mil each), 5,250 outstanding common shares sold to S. Sam Samet, co-finder (and a like amount of warrants) and 5,000 common shares to be sold to Jack Cohen by the company at 5¢ per share as a finder's fee.

The company was organized under Delaware law in June 1961. It is engaged in the purchase, assembly and installation of stereophonic, hi fidelity, radio and/or television equipment incorporated as units in console furniture, and in the operation of six retail stores in the New York Metropolitan area which principally sell such equipment and furniture separately and as completed units. The net proceeds from the sale of units will be used to finance the opening of new retail outlets, to discharge in full short term bank loans, to discharge in full loans due Morris and Tillie Dubler (the former a director), and for working capital to develop and promote a line of hi fidelity and stereophonic cabinets and component parts under the name "Churchill," and for other corporate purposes.

In addition to certain indebtedness, the company has outstanding 140,000 shares of common stock with a current book value of 86¢ per share, of which Jack Dubler, president, and Bernard Dubler, secretary-treasurer, own 62,500 shares each. The 140,000 shares were issued to the company's promoters in exchange for all the issued and outstanding stock of the company's three subsidiaries.

**MON-DAK FEED LOT FILES FOR STOCK OFFERING.** Mon-Dak Feed Lot, Inc., Glendive, Montana, filed a registration statement (File 2-18515) with the SEC on July 17th seeking registration of 150,000 shares of common stock, to be offered for public sale at \$3 per share. The offering will be made on a best efforts basis through Wilson, Ehli, Demos, Bailey and Company, which will receive a 45¢ per share selling commission.

The company was organized under Montana law in September 1960. It proposes to construct and operate livestock feed lot near Glendive, and to engage, on a contract or custom basis, in feeding and fattening livestock owned by others. The net proceeds from the stock sale will be used for drilling of water test wells, other investigation and purchase of land to serve as the site of the proposed feed lot, for construction of livestock pens, feed mill and other facilities and equipment, for overhead and general administrative costs, and for working capital, including feed inventory.

The company has outstanding 4,000 shares of common stock which were purchased at \$1 per share by incorporators, who are also directors. Ralph A. Newton is listed as president.

**ADR's FOR PENGUIN BOOKS FILED.** Morgan Guaranty Trust Company of New York, 140 Broadway, New York, filed a registration statement (File 2-18517) with the SEC on July 17th seeking registration of American Depositary Receipts for 80,000 ordinary shares of Penguin Books Limited (of England).

**ADR's FOR UNIGATE FILED.** Chemical Bank New York Trust Company, 30 Broad Street, New York, filed a registration statement (File 2-18518) with the SEC on July 17th seeking registration of American Depositary Receipts for 50,000 ordinary shares of Unigate Limited (of England).

**COLO. TRUST DEED FUNDS ENJOINED.** The SEC Denver Regional Office announced July 13th (LR-2060) the entry of a Federal court order (USDC, Colo.) against Colorado Trust Deed Funds, Inc., Mortgage Underwriting Corporation, James Thomas III, Boyd Thomas and Clifford McLin, who previously had been enjoined from violating the anti-fraud provisions of the Securities Act. Under a stipulated agreement, and in lieu of appointment of a receiver, the two Thomases contributed \$100,000 cash and some \$300,000 of First Trust Deed Notes to Colorado Trust Deed Funds, Inc., in exchange for a subordinated trust deed certificate in the amount of \$200,000; and the defendants agreed to advise certificate holders of the current financial condition of said corporate defendant and the use made of its funds, and to redeem certificates tendered for redemption.

IVEST FUND SEEKS ORDER. Ivest Fund, Inc., Boston investment company, has applied to the SEC for an exemption order under the Investment Company Act; and the Commission has issued an order (Release IC-3292) giving interested persons until August 3d to request a hearing thereon. According to the application, in order to provide the Fund with the initial \$100,000 net worth required by Section 14(a) of the Act, Professional Investors proposes to transfer all of its assets (which as of April 30th amounted to \$278,697, including securities of \$234,476) to the Fund in exchange for shares of its common stock. The 26 shareholders of Professional Investors would acquire the Fund shares in exchange for purposes of investment. William Nicholas Thorndike and three others are controlling shareholders of Professional Investors; and they also are officers of the Fund. In view of this affiliation with the Fund, the exchange offer is prohibited by the law unless an exemption order is issued by the Commission.

SECURITIES ACT REGISTRATIONS. Effective July 18: American Photocopy Equipment Company (File 2-18119); Arkansas Valley Industries, Inc. (File 2-18104); Central Illinois Electric and Gas Co. (File 2-18306); CompuDyne Corporation (File 2-18112); Crown Aluminum Industries Corp. (File 2-18056); Northwest Natural Gas Company (File 2-18287); Shell Oil Company (File 2-18353); Uris Buildings Corp. (File 2-18240).

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