

# 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 June 7, 1966

**MIDWEST SECURITIES REVOKED.** The SEC today announced a decision under the Securities Exchange Act (Release 34-7898) revoking the broker-dealer registration of Midwest Securities Corp., 404 First Equity Bldg., Oklahoma City, Okla. The firm failed to file an answer as directed in the order for proceedings. Accordingly, under the Commission rules, it may be considered in default and the allegations in the order for proceedings may be deemed to be true. Upon the basis thereof, the Commission found that during December 1965-January 1966 the firm violated the anti-fraud and other provisions of the Federal securities laws, by reason of its violation of the SEC net-capital and record-keeping requirements, its failure to disclose to customers that it was insolvent and its appropriation to its own use of money and securities deposited with it by customers. In February 1966 the firm was temporarily enjoined by Federal court order from engaging in certain practices in the purchase and sale of securities. Proceedings are still pending against respondents Ford David Harper (president of the firm) and Dewey Lowry (former vice president).

**ROVER SHOE PROPOSES OFFERING.** Rover Shoe Company, P. O. Box 698, Bushnell, Fla., filed a registration statement (File 2-25090) with the SEC on May 31 seeking registration of 130,000 shares of common stock. The stock is to be offered for public sale through underwriters headed by First Alabama Securities, Inc., 400 Frank Leu Bldg., Montgomery, Ala., and Mansberry & Co., 219 Fourth St., N., St. Petersburg, Fla. The public offering price (\$3 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to sell to the underwriters, for \$100, five-year warrants to purchase 10,000 shares of common stock.

Organized under Florida law in February 1965, the company intends to manufacture shoes constructed of vinyl and other man-made materials. Net proceeds of its stock sale will be added to general funds and used in the conduct of its business. In addition to indebtedness, the company has outstanding 181,800 common shares, of which Frank Garcia (president) and Angelo Guida (secretary-treasurer) purchased 80,000 and 20,000 shares, respectively, for a total of \$126,000. The wife of John Calderazzo, general manager, acquired 80,000 common shares for \$20,000 in cash, equipment consisting of dies and lasts, and materials used in the manufacture of shoes.

**FIRST SECURITY GROUP FILES PROPOSAL.** First Security Group, Inc., 161 W. Wisconsin Ave., Milwaukee, Wisc. 53202, filed a registration statement (File 2-25091) with the SEC on June 1 seeking registration of 362,364 shares of common stock. Of this stock, 332,364 shares are to be offered in exchange for common stock of Professional Men's Assurance Co., Inc. (PMA), on the basis of three company shares for each of the 110,788 outstanding PMA shares. If the company acquires 80% of PMA's outstanding stock, it intends to grant options to purchase the remaining 30,000 shares to certain of PMA's personnel, under its Incentive Stock Option Plan. The company is also registering 200,000 shares of common stock and warrants to purchase 200,000 shares at \$7.50 per share by December 31, 1968, to be offered in units consisting of one share and a warrant to purchase one share. The units are to be offered for subscription at \$5.10 per unit to PMA shareholders who accept the exchange offer. Any unsubscribed shares are to be offered for public sale at \$6 per share through dealers, who will receive a \$.60-per-unit selling commission.

Organized under Delaware law in November 1965, the company is a financial holding company engaged in the mutual fund and insurance business. Its operations are to be conducted primarily through its subsidiaries, College Assurance Plan, Inc. Insurance Policy Service; Fund Management, Inc.; PMA Investment Sales Corp.; and PMA Insurance Agency, Inc. The latter three companies were acquired from PMA for an aggregate of \$31,000. PMA is a Wisconsin stock life insurance company which was licensed to commence business in April 1963. The board of directors of PMA and their families currently own 50.1% of the outstanding stock of PMA and have expressed their intention of accepting the exchange offer. Net proceeds of the company's stock sale will be invested in its subsidiaries and will be added to working capital, for possible use in acquiring other companies. The company has outstanding 17,200 common shares, all owned by management officials. The stock was sold at \$5 per share as part of units of one share and three warrants to purchase three additional shares (exercisable at \$5 per share by December 31, 1967). Warren Isom is president of the company. According to the prospectus, all of the company's management officials are also officers or directors of PMA.

**EQUITY FUNDING PROPOSES OFFERING.** Equity Funding Corporation of America, 9601 Wilshire Blvd., Beverly Hills, Calif. 90210, filed a registration statement (File 2-25092) with the SEC on June 3 seeking registration of \$3,000,000 of programs for the acquisition of mutual fund shares and fire and casualty insurance. The programs offered by this prospectus contemplate that a participant will pay the premiums on insurance policies with the proceeds of loans from the company secured by the pledge of mutual fund shares purchased by the participant for cash. An objective of the program is to enable the participant to utilize the appreciation, if any, in value of the mutual fund shares and any dividends or capital gain distributions thereon to aid in offsetting the principal and accumulated interest on the loans and the related charges and fees. The mutual fund shares and insurance policies offered in the programs are sold at the same prices, and are subject to the same sales charges and commission, as if they were purchased independently. Because the programs involve insurance premium financing and certain administrative services, participants also will incur interest charges and custodian fees, in addition to the usual charges and commissions involved in the separate purchase of mutual funds and insurance. The maximum sales charge on the purchase of mutual funds in a program is 8 1/2% of

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the offering. The programs being registered contemplate that "by financing insurance premiums, participants will be able to devote substantially all of such outlay to the purchase of mutual fund shares."

The company is chiefly engaged in the sale (separately or in programs) of life insurance and mutual fund shares. Management officials own 330,354 shares (38%) of its outstanding stock. Stanley Goldblum is president.

**VERMONT AMERICAN FILES FOR OFFERING AND SECONDARY.** Vermont American Corporation, 500 E. Main St., Louisville, Ky. 40202, filed a registration statement (File 2-25094) with the SEC on June 3 seeking registration of 200,000 shares of Class A common stock. Of this stock, 100,000 shares are to be offered for public sale by the company and 100,000 shares (being outstanding stock) by the present holders thereof. The offering is to be made through underwriters headed by Kidder, Peabody & Co. Inc., 33 S. Clark St., Chicago, Ill. The public offering price (\$18 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company (whose name is being changed from LBT Corp.) manufactures expendable tools for cutting and machining metals, plastic, masonry, wood and composition materials. Net proceeds of its sale of additional stock will be used in connection with the company's recent acquisition of The Henry G. Thompson & Son Co. and its subsidiary, The Marshall Steel Co., and for general corporate purposes. In addition to indebtedness, the company has outstanding 314,321 Class A, 269,964 Class B (non-voting), and 420,000 Class C common shares, all of which are owned by Lee B. Thomas, board chairman, and members of his immediate family (including Lee B. Thomas, Jr., president). The outstanding company shares give effect to the exchange of 50,036 Class B shares by the selling stockholders for a like number of Class A shares. The prospectus lists three sellers, including Ellen Thomas Dunbar and Susan Thomas Hamilton, each offering 40,000 of her holdings of 314,982 shares of the three classes of outstanding stock.

**OUTLET CO. PROPOSES DEBENTURE OFFERING.** The Outlet Company, 176 Weybosset St., Providence, R. I. 02902, filed a registration statement (File 2-25095) with the SEC on June 3 seeking registration of \$7,500,000 of convertible subordinated debentures (due 1986), to be offered for public sale through underwriters headed by Glore Forgan, Wm. R. Staats Inc., 45 Wall St., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the department store business and broadcasting activities. It has agreed to acquire Cherry & Webb Co., for \$5,178,129. That company operates a chain of seven women's and children's specialty apparel stores. A portion of the net proceeds of the debenture sale will be used in connection with such acquisition, and the balance (together with the proceeds from the sale of Cherry & Webb's securities portfolio and from internally generated funds) will be used to finance planned expansion of retail operations and the construction and purchase of additional broadcasting equipment. In addition to indebtedness, the company has outstanding 1,032,713 common shares, of which management officials own 33.9% (including 30.3% owned by Joseph S. Sinclair, president). Industrial National Bank of Rhode Island holds 252,367 shares of the outstanding stock, of which 161,000 shares are held as co-trustee with Edward V. Quinn (director) under a trust for the benefit of Millie E. Samuels. George O. Griffith is board chairman.

**GULF OIL PROPOSES DEBENTURE OFFERING.** Gulf Oil Corporation, Gulf Bldg., Pittsburgh, Pa. 15230, filed a registration statement (File 2-25097) with the SEC on June 6 seeking registration of \$100,000,000 of debentures (due 1991). The debentures are to be offered for public sale through underwriters headed by The First Boston Corp., 20 Exchange Pl., New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company is primarily engaged in the marketing of crude petroleum and products derived therefrom. Net proceeds of its debenture sale will be used for general corporate purposes, including expenditures for exploration and development of oil and gas properties and other property additions and for investments in or advances to subsidiaries and affiliated companies. The company has made some \$139,000,000 of borrowings for such purposes since December 31, 1965. E. D. Brockett is board chairman and B. R. Dorsey is president.

**UTILITY DIRECTORY RULE AMENDED.** The SEC has adopted an amendment to its Rule 70(a)(4)(C) under the Holding Company Act (Release 35-15495) with respect to bank officials serving as officers and directors of subsidiaries of registered holding companies. The amendment permits a public-utility subsidiary to have as a director or officer a person affiliated with a commercial bank whose principal office is located in the service area of an associate public-utility company, provided that the service areas of both such companies are contiguous and located entirely within the same State.

**TRADING BANS CONTINUED.** The SEC has issued an order suspending exchange and over-the-counter trading in securities of Great American Industries, Inc., for a further ten-day period, June 8-17, 1966, inclusive. The Commission also issued an order suspending over-the-counter trading in bonds of Pinal County Development Association for the period, June 8-17, 1966, inclusive.

**CONSOLIDATED NATURAL GAS RECEIVES ORDER.** The SEC has issued a supplemental order under the Holding Company Act (Release 35-15496) extending to August 31, 1966, the authority previously granted to Consolidated Natural Gas Co., New York registered holding company, to organize and conduct the business of Consolidated Natural Gas Service Co., Inc. (formerly Con-Gas Service Corp.) as a subsidiary service company in the Consolidated holding company system.

**GULF POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-15494) authorizing Gulf Power Co., Pensacola, Fla., electric-utility subsidiary of The Southern Co., to sell at competitive bidding \$15,000,000 of first mortgage bonds (due 1996) and 50,000 shares of its preferred stock. According to the application, Gulf Power will apply a portion of the proceeds of this financing to its 1966 construction program (estimated at \$23,209,000) and the balance will be used to pay outstanding short-term bank notes and for other corporate purposes.

**ALLEGHENY & WESTERN RAILWAY SEEKS ORDER.** The SEC has issued an order under the Securities Exchange Act giving interested persons until June 22 to request a hearing upon an application of Allegheny & Western Railway Co. (Allegheny), and the Baltimore & Ohio Railroad Co. (B&O), for exemption from requirements of Section 14(c) of the Act. The exemption would apply to any annual meeting of stockholders of Allegheny at which the only action to be taken is the election of directors and/or such other action as does not directly or indirectly affect the interests of the holders of such stock.

According to the application, the properties of Allegheny constitute a part of the B&O railroad system. Allegheny's board of directors consists of employees of B&O chosen and nominated by it; they serve without compensation from, or expense to, Allegheny. Allegheny has outstanding 32,000 capital shares, of which B&O owns 12.46%. As of March 24, 1966, the number of holders of Allegheny's capital stock aggregated 719. In 1965, 1990 shares of its stock were traded on the New York Stock Exchange. Allegheny filed annual reports containing financial information together with other significant data with the Interstate Commerce Commission and with this Commission. It mails notice of its annual meeting to registered holders of its stock. With the knowledge of the New York Stock Exchange no proxies have been solicited from stockholders since 1938. Absent the requested exemption, Allegheny would be required to mail to its shareholders information equivalent to that which would be required to be disclosed by the Commission's proxy rules were it to solicit proxies for the election of directors.

**LEACH CORP. GRANTED EXEMPTION.** The SEC has issued an order under the Securities Exchange Act granting an application of the Leach Corp., 405 Huntington Dr., San Marino, Calif., for exemption from the registration provisions of Section 12(g) of the Act. Granting of the exemption also exempts the company from Section 13 and 14 of the Act and its officers, directors and large (over 10%) shareholders from Section 16 thereof. Pursuant to a merger adopted by its shareholders, Leach Corp. was merged into Leach Relay Corp. on January 3, 1966. The surviving corporation, renamed Leach Corp., has approximately 130 shareholders.

**DYNATRONICS REGISTRATION TERMINATED.** On request of Dynatronics, Incorporated, Orlando, Fla., the Commission has terminated that company's registration under Section 12(g) of the Act. Dynatronics registered in July 1965. More recently, it conducted a solicitation of proxies pursuant to the Commission's proxy rules, to be voted upon a proposal for the transfer of the company's business and assets to General Dynamics Corporation in exchange for 91,607 shares of the latter's common stock (to be distributed to Dynatronics stockholders). At a meeting of stockholders held on March 4, 1966, this proposal was approved by Dynatronics shareholders. As a result, the number of Dynatronics shareholders has been reduced to less than 300. A "certificate of Corporate Dissolution" has been issued by the Secretary of State for the State of Florida, and Dynatronics is now in the process of dissolution.

**ELECTRIC BOND AND SHARE SEEKS ORDER.** Electric Bond and Share Co., New York registered closed-end non-diversified management investment company; its subsidiary Escambia Chemical Corp.; and Cast Optics Corp. (Cast Optics Delaware) a Delaware corporation recently organized by Escambia, have applied to the SEC for an exemption order under the Investment Company Act with respect to transactions incident to the consummation of a Plan and Agreement of Reorganization between the companies. The Commission has issued an order (Release IC-4620) giving interested persons until June 24 to request a hearing thereon. The plan provides for the transfer to and acquisition by Cast Optics Delaware of substantially all of the assets of a New York corporation of the same name (Cast Optics New York), in exchange for shares of common stock of Bond and Share to be delivered to the Cast Optics New York by Escambia. Bond and Share will deliver to Escambia from time to time, in exchange for common shares of Escambia, all shares of Bond and Share common required by Escambia for delivery to Cast Optics New York. Bond and Share already has reacquired and now holds in its treasury 390,357-2/3 shares of its common stock, which it intends to use to the extent necessary for this purpose. The average cash cost to Bond and Share of these reacquired shares was \$32.30 per share. Consummation of the Plan will make Bond and Share the indirect owner of the Cast Optics New York business and assets through its ownership of Escambia stock and Escambia's ownership of all of Cast Optics Delaware's stock. Unless exempted by the Commission under Section 6(c) of the Act, the proposed transactions would be prohibited by certain provisions of the Act which provide that no registered closed-end investment company shall issue any of its securities for services or for property other than cash or securities. The proposed acquisition also may involve the sale of common stock of Bond and Share at a price below the current net asset value thereof. It will submit the proposed acquisition to its shareholders for their approval or disapproval at the annual meeting to be held on June 22.

**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 caption of the several items of the form was included in the June 2 News Digest.

Keuffel & Esser Co, Apr 66, (11)	0-2117-2	Viking Industries, Inc	
Natl Presto Ind Inc Apr 66 (12)	1-2451-2	Nov 65, (11,13)	2-17548-2
Organizers & Underwriters, Inc		Apr 66, (11,13)	2-17548-2
Apr 66, (2,7)	0-1983-2	D. Kaltman & Co Inc, Apr 66 (7)	1-3947-2
Jackson Natl Life Ins Co		Keyes Fibre Co Apr 66, (3)	0-1092-2
Apr 66, (11)	2-22790-2	Kollmorgen Corp Apr 66, (11,13)	0-1255-2
Kaiser Industries Corp, Apr 66		Larver Chemicals, Inc Apr 66	
(3,13)	1-3340-2	(11,13)	2-17060-2
Kaiser Steel Corp Apr 66 (3)	0-433-2	Mead Corp Apr 66, (7,11,13)	1-2267-2
		The Union Corp Feb 66, (2,7,13)	0-1979-2

Kerr-McGee Corp Apr 66, (7,13)	1-3939-2	Independent Life & Accident Ins Co	
Reliance Life Ins Co of Ill		Apr 66, (11)	2-24048-2
Apr 66, (11,13)	2-22145-2	Jones & Laughlin Steel Corp	
Jefferson Stores, Inc Apr 66		Apr 66, (7)	1-463-2
(2,3,9,11,13)	2-19676-2	Kansas-Nebraska Natural Gas Co Inc	
Kaufman & Broad Bldg Co Apr 66		Apr 66, (9,13)	0-956-2
(11,13,13)	1-4618-2	Kendall Co Apr 66 (11)	1-4193-2
Kleer-Vu Ind Inc Apr 66, (11)	1-4522-2	Knutson Co's Inc Apr 66 (11,12)	0-732-2
Levin-Townsend Computer Corp		Korehler Mfg Co Apr 66, (11,13)	1-3918-2
May 66, (7,13)	1-5242-2	Combined Locks Paper Co June 65	
Mississippi Valley Gas Co		(11,13)	0-1463-2
May 66, (11)	0-353-2	Kaman Aircraft Corp Mar 66, (11,13)	0-1093-2
Philips Ind Inc Apr 66, (12,13)	1-5146-2	Paddington Corp Apr 66, (11)	1-4226-2
Republic Invstrs Life Ins Co		Chicago Rivet & Machine Co May 66	
Apr 66 (12)	0-2012-2	(11)	0-1227-2
May 66, (11,12)	0-2012-2	Franklin Elec Co Inc May 66 (12)	0-362-2
Sunaco Inc Apr 66, (11,13)	1-4771-2	Service, Inc Apr 66, (11)	0-1082-2
Kahler Corp Apr 66, (11)	0-743-2	Crouse-Hinds Co Apr 66, (11,13)	0-578-2
Koppers Co Inc Apr 66, (7,13)	1-3224-2	East Coast Ins Co Apr 66 (12,13)	2-22774-2
Official Films, Inc Apr 66 (7,8)	0-1922-2	Jarecki Corp Apr 66, (11)	2-11274-2
Tenney Engineering, Inc May 66 (11)	1-4142-2	Katz Drug Co Apr 66 (11)	1-886-2
Atlantic Improvement Corp Apr 66		Kellogg Co Apr 66 (13)	1-4171-2
(6,11)	2-18817-2	Koehring Co Apr 66, (7,8)	1-4906-2
Kennecott Copper Corp Apr 66		Merco Enterprises, Inc May 66 (1)	0-2130-2
(7,13)	1-1369-2	Natl Union Elec Corp Apr 66 (2,4,7,	
King's Department Stores, Inc		9,10,11,12,13)	1-1362-2
Apr 66 (7)	1-4838-2	Piedmont Aviation, Inc Apr 66, (11)	0-1483-2
Public Service Co of New Mexico		Pike Corp of Amer Apr 66(4,7,12,13)	1-5203-2
Apr 66, (11)	0-887-2	Mead Corp Jan 66 (4,13)	1-2267-2
Joseph & Feiss Co Apr 66 (4,11,13)	0-617-2	St. Johnsbury Trucking Co Inc	
Monmouth Park Jockey Club May 66		Apr 66 (11)	1-5040-2
(11)	0-295-2	Natl Dairy Prods Corp Apr 65 (11)	1-1146-2
Koss Electronics, Inc Jan 66,		Reserve Oil & Gas Co Apr 66 (7)	1-3474-2
(2,4,7,10,11,13)	2-15650-2	Technology Inc Feb 66 (12)	2-24141-2
Remington Arms Co, Inc Apr 66 (11)	1-3759-2	Kroehler Mfg Co Apr 66 (4,7,8,13)	1-3918-2
Johnson & Johnson Apr 66, (11,13)	1-3215-2	Jayark Films Corp Mar 66 (12)	2-18743-2
Lyon Metal Prods Inc May 66 (7,10)	0-611-2		
North Amer Acceptance Corp May 66			
(11)	0-527-2		

**SECURITIES ACT REGISTRATIONS.** Effective June 6: Acme-Hamilton Manufacturing Corp., 2-24443 (40 days); Central Hudson Gas & Electric Corp., 2-24941 (July 18); Commonwealth Telephone Co., 2-24991 (July 16); Home Telephone and Telegraph Co. of Va., 2-25029 (July 18); Pall Corp., 2-24939; Vanadium Corp. of America, 2-25028.

**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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