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

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PRECISION MICROWAVE SUSPENDED. The SEC, in a decision announced today (Release 33-4694), (1) issued a stop order suspending a Securities Act registration statement filed by Precision Microwave Corporation ("PMC") of Millis, Mass. in August 1961, pursuant to which 165,000 shares of common stock (including 50,000 offered on behalf of two company officials) were offered and sold in late 1961 at \$10 per share; and (2) suspended the registration of PMC common stock on the American Stock Exchange for a period of sixty days (commencing at the opening of trading on Monday, May 25, 1964), with the proviso that the suspension will be lifted if certain reports specified in the Commission's decision are filed within 30 days and are found satisfactory by the Commission but that, if the reports are not filed or are not satisfactory, the Commission will order the registration of the stock on the Exchange withdrawn. The Commission's action was based on findings that financial and other information contained in filings with the Commission was false and misleading.

In determining that a stop order should issue, the Commission observed that the deficiencies in the PMC registration statement, attributable for the most part to deliberate falsification caused by Joseph L. Travers, president and principal stockholder, related to financial information "indispensable to an informed evaluation of the securities offered." The Commission found that, at the instance of Travers and for the purpose of presenting a more favorable picture for fiscal 1961 in the PMC registration statement, an accrued liability of \$44,851 for commissions due two salesmen, and commission expense for the year, were arbitrarily reduced by \$40,000. This was material, the Commission noted, in relation to the \$124,900 excess of current liabilities over current assets, and to net income before taxes of \$428,718. In addition, the method followed in pricing the work-in-process inventory of a PMC subsidiary as of May 31, 1961, resulted in a material inflation of inventory. Further, adjustments made at Travers' instance in comparative net sales and net earnings figures for the four-month periods ended September 30, 1960 and 1961 "resulted in a material distortion of the four-month figures and created the false impression that earnings had increased in the 1961 period on slightly lower sales, when in fact both sales and earnings had dropped sharply."

The Commission also found that the certifying accountant, John F. Kenefick, was not independent. It pointed out that Kenefick, at Travers' suggestion, had engaged the office manager of a PMC subsidiary, who had been responsible for maintenance of the subsidiary's books and records, to assist in his audit of PMC including the subsidiary; and it ruled that these circumstances created a relationship "which was inconsistent with the complete objectivity required of an independent accountant." Kenefick's acceptance of Travers' statements regarding the sales commission item and his failure to verify properly the subsidiary's work-in-process inventory were considered by the Commission as further evidence of his lack of independence.

Since the registration statement was incorporated by reference in PMC's application for exchange registration, the deficiencies in the registration statement, as well as false and misleading financial information in a semi-annual report on Form 9-K filed by PMC, provided the basis for suspending or withdrawing the registration of PMC stock on the Exchange. In determining to suspend, subject to the conditions previously referred to, the Commission noted that PMC had failed to file its Form 10-K annual report for the year ended May 31, 1963, due no later than September 28, 1963, and had failed to file any current report on Form 8-K since April 1963, when a stockholders' action which led to a receivership of the company was reported. The Commission also took into consideration the fact that the company is presently the subject of proceedings under Chapter XI of the Bankruptcy Act.

BARNES ENGINEERING PROPOSES RIGHTS OFFERING. Barnes Engineering Company, 30 Commerce Rd., Stamford, Conn., filed a registration statement (File 2-22434) with the SEC on May 21 seeking registration of 77,574 shares of common stock. It is proposed to offer such stock for subscription by common stockholders at the rate of one new share for each five shares held on the effective date of the statement. Hayden, Stone Incorporated, 25 Broad St., New York, is listed as the principal underwriter. The subscription price (\$23 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is an applied science organization concentrating primarily in the field of detection and measurement of infrared radiation. Of the net proceeds from its sale of additional stock, \$700,000 will be used to repay outstanding short-term bank loans incurred primarily to finance increased inventories and trade accounts receivable due to business expansion, and the balance will be added to working capital. In addition to indebtedness, the company has outstanding 387,870 common shares, of which management officials as a group own 14.7%, (including 11.9% owned by R. Bowling Barnes, president).

TWO RECEIVE SUSPENDED SENTENCES. The SEC Chicago Regional Office announced May 20th (LR-2940) that Harry L. Grant and Emil Traficante had received suspended sentences (USDC Chicago) upon their pleas of guilty to an indictment charging violations of the Securities Act anti-fraud provisions in the sale of oil interests.

TRANS-CONTINENTAL TELEPHONE FILES FOR OFFERING AND SECONDARY. Trans-Continental Telephone & Electronics, Inc., 4350 N. Central Expressway, Dallas, filed a registration statement (File 2-22435) with the SEC on May 21 seeking registration of 250,000 shares of common stock. Of this stock, 158,000 shares are being offered for public sale by the company and 92,000 shares (being outstanding stock) by the present holders

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thereof. W. E. Hutton & Co., 14 Wall St., New York, and Rauscher, Pierce & Co., Inc., Mercantile Dallas Bldg., Dallas, are the principal underwriters. The public offering price (\$8 per share maximum*) and underwriting terms are to be supplied by amendment.

Organized in 1961, the company is engaged in the telephone business in the State of Texas. Of the net proceeds from its sale of additional stock, \$635,000 will be applied to repayment of short-term bank loans (incurred in connection with certain acquisitions of telephone properties), and the balance will be added to funds available for future acquisitions and construction. (Construction expenditures are estimated at \$900,000 for fiscal year ending March 31, 1965). In addition to indebtedness and preferred stock, the company has outstanding 532,000 common shares. The prospectus lists six selling stockholders, including Thomas L. Anderson, board chairman and president (offering 12,250 of his holding of 57,492 common shares), E. E. Holman (offering 26,750 of his holding of 62,242 common shares), J. Phillip Goodwin, director (offering 25,000 of his holding of 50,566 common shares), and Travis E. Evans, director (offering 3,000 of his holding of 17,750 common shares). The remaining two selling stockholders are offering their entire holdings totaling 25,000 shares. Upon completion of this offering, the holdings of management officials as a group will be reduced from 31.8% to 18.7% of the outstanding common stock.

WATKINS-JOHNSON FILES FOR SECONDARY. Watkins-Johnson Company, 3333 Hillview Ave., Palo Alto, Calif., filed a registration statement (File 2-22436) with the SEC on May 21 seeking registration of 104,665 outstanding shares of common stock, to be offered for public sale by the holders thereof. The offering is to be made through an underwriting group headed by Hayden, Stone Incorporated, 25 Broad St., New York. The public offering price (\$13 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged primarily in the research, development and manufacture of microwave electron devices, lasers and related electronic systems and equipment. It has outstanding 1,123,299 shares of common stock. The prospectus lists eight selling stockholders, including Raymond F. Stewart, director (offering 43,500 of his holding of 126,225 shares), Frances L. Stewart (offering 15,000 of her holding of 50,000 shares), Dr. Dean A. Watkins, president (offering 25,000 of his holding of 95,000 shares), and Dr. H. Richard Johnson, executive vice president, (offering 16,500 of his holding of 67,500 shares). The remaining four selling stockholders are offering shares ranging in amounts from 465 to 2,500. Upon completion of this offering, the holdings of management officials as a group will be reduced from 27.9% to 20.3% of the outstanding stock.

VERNON M. SPIVEY SENTENCED. The SEC Chicago Regional Office announced May 19th (LR-2941) that Vernon M. Spivey received a one-year sentence following his plea of guilty (USDC Milwaukee) to certain counts of an indictment charging violations of the Securities Act anti-fraud provisions in the sale of securities related to the filming of a personal development course of lectures. Spivey also received a 3-year suspended sentence and probation upon completion of the prison sentence. A condition of probation is that he make restitution. The court granted Spivey a two-week stay of execution.

GMAC PROPOSES OFFERING. General Motors Acceptance Corporation, 1775 Broadway, New York, N. Y., today filed a registration statement (File 2-22438) with the SEC seeking registration of \$150,000,000 of Twenty-Two Year Debentures due 1986, to be offered for public sale through underwriters headed by Morgan Stanley & Co., 2 Wall St., New York City. The interest rate, public offering price and underwriting terms are to be supplied by amendment.

The company engages in the business of financing the distribution of new products manufactured by General Motors Corporation, which owns all its capital stock. Net proceeds of this financing will be added to the company's general funds and will be available for the purchase of receivables or for maturing debt. The prospectus lists Thomas W. Towell as president.

CAROLINA POWER FILES FINANCING PROPOSAL. Carolina Power & Light Company, 336 Fayetteville St., Raleigh, N. C., today filed registration statements (Files 2-22439 and 2-22440) with the SEC seeking registration of \$30,000,000 of first mortgage bonds (due 1994), to be offered for public sale at competitive bidding, and 250,000 shares of common stock, to be publicly offered by an underwriting group headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York, and R. S. Dickerson & Co. Inc., 1500 Wachovia Bank Bldg., Charlotte. The public offering price of the stock (\$40 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged exclusively in the generation, purchase, transmission, distribution and sale of electricity in portions of North Carolina and South Carolina. Net proceeds from this financing will be used to repay some \$17,000,000 of temporary bank loans (for construction purposes) and for additional construction expenditures (estimated at \$86,900,000 through 1965). In addition to indebtedness and preferred stock, the company has outstanding 11,015,914 shares of common stock, of which management officials as a group own 19,803 shares. Louis V. Sutton is board chairman and Shearon Harris is president.

SECURITIES ACT REGISTRATIONS. Effective May 18: Allegheny-Ludlum Steel Corp. (File 2-22371). Effective May 21: Air Reduction Co., Inc. (File 2-22283); American Motors Corp. (File 2-22172); Hunt Foods and Industries, Inc. (File 2-22277); Kerr-McGee Industries, Inc. (File 2-22191); Lytton Financial Corp. (File 2-22168); Simmonds Precision Products, Inc. (File 2-22289); South Carolina Electric & Gas Co. (File 2-22271). Effective May 22: Fireman's Fund Insurance Co. (File 2-22309 and 2-22334). Withdrawn May 20: Founders Discounting Corp. (File 2-22307).

*As estimated for purposes of computing the registration fee.