

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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DALTO ELECTRONICS FILES FOR SECONDARY. Dalto Electronics Corporation, 38 Oak Street, Norwood, N. J. filed a registration statement (File 2-25553) with the SEC on September 28 seeking registration of 379,865 shares of common stock. Of this stock, 345,265 shares are outstanding and may be offered for sale by the holders thereof. The remaining 34,600 shares may be acquired pursuant to the exercise of outstanding warrants and offered for sale by the holders thereof. The offering price or prices (\$3 per share maximum*) are to be supplied by amendment.

The company is engaged primarily in the manufacture and sale of visual flight simulators for pilot training and research and development in connection with new aircraft and space vehicles, and television projection equipment. In addition to indebtedness, it has outstanding 985,068 common shares, of which W. H. Hudson, board chairman, owns 33.5%. Hudson is listed among the thirty selling stockholders (he may sell 50,000 shares).

ELCOR CHEMICAL FILES FOR OFFERING. Elcor Chemical Corporation, 1300 V & J Tower, Midland, Texas 79701, filed a registration statement (File 2-25559) with the SEC on September 28 seeking registration of 300,000 shares of common stock, to be offered for public sale through underwriters headed by F. Eberstadt & Co., 65 Broadway, New York 10006. The public offering price (\$11 per share maximum*) and underwriting terms are to be supplied by amendment.

Through its subsidiaries, the company is engaged in the manufacture and distribution of basic chemicals, principally anhydrous ammonia and elemental sulphur; the processing of natural gas; and the engineering, design and construction of processing plants and facilities for the chemical and petroleum industries. Net proceeds of its stock sale will be used for expansion and improvement of gas processing facilities and improvement of gas gathering systems, additional working capital, research and development relating to sulphur products and processes, expansion and improvement of plants manufacturing sulphur and related products, and other purposes. In addition to indebtedness, the company now has outstanding 853,931 common shares, of which Roy E. Campbell, president, and three other officers own 16.9% each.

HALLIDAY LITHOGRAPH FILES FOR OFFERING. Halliday Lithograph Corporation, West Hanover, Mass. 02380, filed a registration statement (File 2-25558) with the SEC on September 28 seeking registration of \$800,000 of subordinated debentures due 1981, with warrants to purchase 16,000 common shares. These securities are to be offered for public sale in units consisting of one \$50 debenture and one warrant to purchase one common share. The company also proposes to offer and sell 30,000 shares of common stock; and an additional 8,000 shares are being registered for offering by the present holder thereof. The public offering prices of the units (\$50 per unit maximum*) and common shares (\$18 per share maximum*), as well as the underwriting terms, are to be supplied by amendment. Putnam, Coffin & Burr, of 6 Central Row, Hartford, Connecticut, 06103 is listed as the principal underwriter.

The company's principal business is the printing of text, scientific, technical, trade, juvenile and other books. The net proceeds of this financing, together with funds generated internally, will be used for the following purposes: about \$375,000 toward construction of a proposed soft cover bindery in Plympton, Mass; some \$175,000 for additions to the West Hanover plant and warehouse; and about \$1,000,000 for bindery equipment and printing presses. These capital expenditures are not expected to be completed until late 1967. Initially, a portion of the proceeds will be used to repay \$300,000 of bank loans; and completion of the expansion program may require additional short-term borrowings. In addition to indebtedness, the company has outstanding 167,976 shares of common stock, of which Russell Halliday, president, owns some 65.5%. He proposes to sell 8,000 of his holdings of 110,002 shares.

I.C.H. CORP. PROPOSES OFFERING. I. C. H. Corporation, 215 W. Pershing Rd., Kansas City, Mo. 64108, filed a registration statement (File 2-25542) with the SEC on September 26 seeking registration of 270,000 shares of common stock. The stock is to be offered for public sale at \$6 per share by the company (30,000 of such shares have been subscribed for by company officials).

Organized in August 1966, the company proposes to own and hold insurance company stock, primarily the stock of Sterling Life Insurance Company. According to the prospectus, the principal purpose of this offering is to raise funds to acquire substantially all of the shares of Sterling, a Colorado corporation, licensed to write life, health or accident insurance in seven states, but "not presently writing new policies and presently without a sales staff." Of the net proceeds of the stock sale, \$1,156,092 will be paid to the escrow agent for Republic Investors Life Insurance for 296,582 of the 300,000 outstanding shares of Sterling; and \$280,000 will be paid to Mid-Central Investment Corporation to complete payment for the assignment of that corporation's contract to purchase the Sterling stock from Republic. The balance will be used to acquire the remaining 3,418 outstanding shares of Sterling and to purchase equipment and furniture. The company has outstanding 30,000 common shares, of which 26,433 shares were issued to Charles N. Sharpe, Jr., and his associates at \$6 per share in payment of advances.

OVER

KAMEN & CO. SUSPENDED; CIRLIN ASSOCIATES REVOKED. The SEC today announced a decision under the Securities Exchange Act (Release 34-7965) suspending Kamen & Company, of New York, from membership in the New York and American Stock Exchanges and the National Association of Securities Dealers, Inc., for the period October 31 to November 11, inclusive; suspending Abraham Kamen, its managing partner, from association with any broker-dealer firm for 90 days, commencing October 31; revoking the broker-dealer registration of Frederick Cirlin Associates, Inc., also of New York; and barring Frederick Cirlin and Brian F. Barrabee, its principal officers, from further association with any broker-dealer firm.

The Commission's action was an outgrowth of a "manipulative scheme" involving stock of Jerome, Richard & Co., Inc., another broker-dealer firm. The scheme was devised in late 1962 and later carried out by five persons, George Herman, Laurence H. Ross and Jerome H. Grossinger, registered representatives, and Frances Ginsburg and Anthony Perotta, clerical assistants, as a means of providing reciprocal business to over-the-counter broker-dealer firms in return for business in listed stocks. The five-member group induced numerous non-exchange member firms throughout the country to place their exchange business in listed securities, first with Reuben Rose & Co., Inc., another New York Stock Exchange firm (see below) and later with Kamen & Co., on the representation that those firms would reciprocate by furnishing over-the-counter business. Such reciprocation was furnished in the form of contrived transactions in Jerome, Richard stock, which was passed from one firm to another at ever-increasing prices dictated by the group. In this manner a large number of circuits of consecutive purchase and sale transactions were effected from January through July 1963 through some 100 broker-dealer accounts, introduced to Kamen & Co. by Ross and Grossinger, in such a way as to permit each such firm to realize profits in varying amounts.

During the period December 1962 through July 1963 the 25,025 outstanding shares of Jerome, Richard stock were traded in these circuits over and over again, some 600,000 shares being bought and sold at prices which increased from \$4 per share to the range of \$18-\$20 per share. Initially, the circuits began and ended with Jerome, Richard, usually after going through at least two intervening broker-dealers. Later, the circuits originated with Cirlin Associates, and after going through various intervening firms ended with dummy corporations organized by Herman and Ross. The failure of such corporations to pay for the shares resulted in losses to various firms totalling over \$475,000. Previously, the Commission had revoked the broker-dealer registration of Jerome, Richard & Co. and barred Herman, Grossinger, Ginsburg and Perotta from further association with any broker-dealer firm. Service of notice of the proceedings was not effected on Ross.

The group's activities were transferred from Rose & Co. to Kamen & Co. in January 1963. The SEC Hearing Examiner found no evidence to support a finding that Kamen had actual knowledge of the group's plan which ultimately resulted in the bilking of various broker-dealers or of the methods by which it was accomplished. However, the Commission found, as did the Hearing Examiner, that Kamen and Kamen & Co., in their supervision of the broker-dealer department, established with Kamen & Co. at the instance of Ross, Herman and Grossinger, "pursued a policy of non-interference and thereby failed to discharge their responsibilities to institute and maintain reasonable supervisory procedures designed to prevent violations of the securities acts and regulations, and that such failure on their part is a basis for remedial action against them under Section 15(b) of the Exchange Act." Under all the circumstances, including their failure to investigate "unusual and questionable circumstances," the Commission affirmed the sanctions ordered by the Examiner, namely, a 10-business-day suspension of the firm and a 90-day suspension of Kamen.

In affirming the Examiner's revocation of Cirlin Associates' registration and his bar order against Cirlin and Barrabee, the Commission observed that "the role played by Cirlin Associates obviously constituted a necessary and integral part of the conspiracy," a role of which Cirlin and Barrabee could not remain ignorant. From May 6 to July 5, 1963, some 88 circuits of contrived transactions in Jerome, Richard stock began and ended at Cirlin Associates and 34 later ended at the dummy corporations which did not pay for the stock.

In a separate action, Kamen & Company and Kamen had appealed from disciplinary action taken against them by the NASD based on the same activities as those involved in the SEC administrative proceedings referred to above. In view of the sanctions imposed in the latter proceedings, the Commission issued an order setting aside the action of the NASD (Release 34-7966).

NASD SANCTION AGAINST REUBEN ROSE & CO. SET ASIDE. The NASD also had ordered the expulsion from membership of Reuben Rose & Co., Inc., and revoked the registrations of certain persons associated with it. Its action was based upon the "fraudulent scheme" involving contrived transactions in stock of Jerome, Richard & Co. devised and carried out by Herman, Ross, Grossinger, Ginsburg and Perotta (as related above). Although there was no evidence that the officers of the Rose & Co. firm participated in or were actually aware of the fraudulent scheme, the NASD concluded that the firm's president and two other officers "had an over-all responsibility as to all matters within the firm and that their failure to exercise such a degree of care that the facts underlying the group's scheme could have been discovered placed them 'in a position of complicity' with the actual participants in the scheme." The Commission disagreed (Release 34-7964). It set aside the NASD action basing its reversal, among other things, on the facts that Herman's association was terminated on Rose & Co.'s own initiative within about a month after the contrived stock circuits started and within only about two weeks after suspicions concerning Herman's activities had been communicated to the firm's executive committee, that Rose & Co.'s management could not be considered derelict for failure to discover Herman's scheme in such a short period of time, and that the amount of listed business which Herman brought to Rose & Co. never reached significant proportions until January 1963, the very month Herman was discharged.

INSTITUTIONAL STOCK TRANSACTIONS REPORTED. The SEC announces (for September 30 newspapers) that common stock transactions of financial institutions in the first half of 1966 have increased sharply. Second quarter statistics collected for four principal institutions (private pension plans, mutual funds, life insurance companies, and property and casualty insurance firms) showed that gross purchases for the combined group exceeded \$5 billion, 7 percent larger than in the first quarter of this year, and 50 percent greater than in the second quarter of 1965. Portfolio sales amounted to more than \$3 1/2 billion in the second quarter of this year, an increase of about 5 percent over the first quarter, and 75 percent above the similar period of last year. The acceleration of portfolio sales was particularly noteworthy. Whereas there was no noticeable trend in sales activity from early 1964 through the summer of 1965, sales of common stocks have advanced sharply in the past year. Share buying also has accelerated in the 1965-66 period, but this was an accentuation of an uptrend established earlier. The recent increase in trading activity has in large part reflected heightened turnover of portfolios by most types of institutional groups, with investment companies showing the most pronounced change. For details, see Statistical Release No. 2155.

GLENN URICH BARRED. In a decision under the Securities Exchange Act announced today (Release 34-7963A) the SEC barred Glenn P. Urich, Belmont, Calif. from further association with a broker-dealer firm. Urich was charged with violating the registration provisions of the Securities Act in the sale of oil, gas and other mineral rights during the years 1960-65, and with violating the anti-fraud provisions of the Federal securities laws by his failure to complete payment for such securities or to deliver same to customers who had paid for them. He waived a hearing and, without admitting or denying the allegations, consented to the issuance of the bar order.

REVIEW OF NASD SANCTION DISMISSED. The SEC today announced the issuance of an order under the Securities Exchange Act (Release 34-7963B) dismissing proceedings to review NASD disciplinary action against the broker-dealer firm of John W. Yeaman, Inc., 10 E. Church St., Martinsville, Va. and its president, John W. Yeaman. The NASD had expelled the firm from membership, revoked Yeaman's registration, and assessed them with costs, based upon its findings that the firm, aided and abetted by Yeaman, failed to comply with the Commission's net capital rule in 1965 and that it fraudulently sold securities to Yeaman in 1964 and 1965 to circumvent the provisions of that rule (which required, in the computation of net capital, a deduction from the market value of the shares owned by the firm). In June 1966, shortly after review of the NASD action was sought, the Commission, with their consent, revoked the firm's broker-dealer registration and barred Yeaman from association with broker-dealer firms. The firm and Yeaman failed to file a brief or statement in support of their review petition, which was thereby deemed abandoned.

NEES RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-15571) authorizing the New England Electric System, Boston, Mass., to extend its credit under an agreement and supplemented lease between John Hancock Mutual Life Insurance Co. and New England Power Service Co., NEES's subsidiary service company. The agreement relates to the purchase of land by the Insurance Company from another NEES subsidiary and the construction of an office building thereon to be leased by the Service Co. According to the application, the proposed extension of credit by NEES is intended to assure or guaranty the payment of all amounts payable by the Service Co. under the agreement.

PHOENIX STEEL FILES FOR SECONDARY. Phoenix Steel Corporation, 4001 Philadelphia Pike, Claymont, Del. 19703, filed a registration statement (File 2-25549) with the SEC on September 27 seeking registration of 125,000 outstanding warrants to purchase a like number of shares of common stock, and the underlying shares. The warrants are exercisable at \$23 per share on or before December 31, 1970, and for \$28 per share thereafter and until December 31, 1975. The prospectus states that the present warrant holders may offer the stock issued upon exercise of the warrants, at the current prices prevailing at the time of sale (\$28 per share maximum*).

The company is engaged in the steel business. In addition to indebtedness, it has outstanding, 1,448,135 common shares, of which management officials own 18.13% (including 10.91% owned by Stanley Kirk, board chairman and president). The warrants being registered were acquired by Allen & Co., Goodbody & Co., and Marquette de Bary Co. for services provided in the underwriting and sale of \$35,000,000 of the company's bonds in 1966 and for other financial and advisory services.

HORACE MANN LIFE PROPOSES RIGHTS OFFERING. Horace Mann Life Insurance Company, 216 E. Monroe St., Springfield, Ill., filed a registration statement (File 2-25552) with the SEC on September 26 seeking registration of 252,568 shares of common stock. The stock is to be offered for subscription by common stockholders at the rate of one new share for each four shares held on the effective date of the registration statement. Any unsubscribed shares are to be offered for public sale on a "best efforts" basis by the company's subsidiary, Horace Mann Investors, Inc., of the Springfield address. The offering price (\$19 per share maximum*) are to be supplied by amendment.

The company is engaged in the life insurance business. Net proceeds of its stock sale will be added to general funds and used in the conduct of its insurance business. It has outstanding 1,010,274 common shares, of which management officials own 18.16%. Horace Mann Mutual Insurance Co., and the Employees Pension Plan of such corporation own, respectively, 300,363 and 42,888 shares; they have advised the company that they do not intend to subscribe for new shares pursuant to their subscription rights. Wayne Stoneking is president of the company.

BECTON, DICKINSON FILES FOR SECONDARY. Becton, Dickinson and Company, Rutherford, N. J., filed a registration statement (File 2-25554) with the SEC on September 28 seeking registration of 62,000 outstanding shares of common stock, to be offered for public sale by the present holders thereof. White, Weld & Co., 20 Broad St., New York 10005, is the principal underwriter. The public offering price (\$69.375 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture and sale of medical, surgical, laboratory and diagnostic products. In addition to indebtedness, it has outstanding 4,440,501 common shares, of which management officials own 30%. The prospectus states that, subject to stockholder approval of an increase in the company's authorized common shares from 5,000,000 to 12,000,000, the company proposes to acquire the assets of Edmont Inc. for 431,032 shares and to distribute on November 23 to stockholders of record on November 7 one common share for each share held. H. Dudley Wright is the selling stockholder; he presently owns 166,618 shares. Edward T. T. Williams is board chairman and Fairleigh S. Dickinson, Jr., is president of the company.

ALLIED BANKSHARES FILES EXCHANGE PROPOSAL. Allied Bankshares Corp., 300 E. Main St., Norfolk, Va. 23510, filed a registration statement (File 2-25557) with the SEC on September 28 seeking registration of 2,912,230 shares of common stock. The stock is to be offered in exchange for all or in any event more than 50% of the outstanding common stock of Virginia National Bank (Norfolk, Va.) and of The Central National Bank of Richmond (Richmond, Va.). The exchange rate will be one Allied share for each of the 2,048,230 outstanding common shares of Virginia National, and 1.2 Allied shares for each of the 720,000 outstanding common shares of Central National.

The company was organized in May 1966 for the purpose of becoming a bank holding company. W. Harry Schwarzchild, Jr., is board chairman and R. Cosby Moore is president.

PENN ENGINEERING & MANUFACTURING FILES FOR SECONDARY. Penn Engineering & Manufacturing Corp., P. O. Box 311, Doylestown, Pa. 18901, filed a registration statement (File 2-25560) with the SEC on September 28 seeking registration of 300,000 outstanding shares of common stock. The present holders thereof propose to offer the shares for public sale through underwriters headed by Francis I. duPont, A. C. Allyn, Inc., One Wall St., New York 10005. The public offering price (\$12.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the development and sale of self-clinching fasteners normally used in sheet materials too thin to support load-bearing threads. It has outstanding 504,000 common and 300,000 Class B common shares, all owned by management officials. The prospectus lists two selling stockholders, as follows: K. A. Swanstrom, president, offering 210,000 of 237,180 common shares held (he owns all of the outstanding Class B stock); and Gladys Swanstrom (secretary-treasurer), 90,000 of 105,600.

WATSCO PROPOSES DEBENTURE OFFERING. Watsco, Inc., 1800 W. Fourth Ave., Hialeah, Fla. 33010, filed a registration statement (File 2-25561) with the SEC on September 28 seeking registration of \$1,000,000 of 6% sinking fund subordinated debentures (due 1981), to be offered for public sale at 100% of the principal amount. The offering is to be made through underwriters headed by Aetna Securities Corp., 111 Broadway, New York 10006, which will receive a 9% commission.

The company is principally engaged in the design, manufacture and sale of control and magnetic check valves, metering devices, terminal seals used in refrigeration and air-conditioning systems, and component tools. Of the net proceeds of its debenture sale, \$400,000 will be used for equipment; \$150,000 will be used in connection with its production of certain new product lines; and the balance will be added to general funds. In addition to indebtedness, the company has outstanding 683,894 common shares, of which management officials own 48.8% (including 44.6% owned by William Wagner, board chairman and president).

BUCKEYE PRESIDENT, OTHERS INDICTED. The SEC New York Regional Office announced September 28 (LR-3591) the return of a Federal court indictment (USDC SDNY) charging violations of the anti-fraud and anti-manipulative provisions of the Federal securities laws by the following in the sale of stock of Buckeye Corporation (now known as Mount Clemens Corporation): George A. Horvath (president), Sidney Stein, Leo Davis, Security Underwriting Consultants, Inc., Bertram Hadfield, San Balinsky a/k/a Sam Balin, Frank Ebner, Matthew Naphtali, Milton Smith, Bernard Rotter, Lila Roberts, Istvan Hajdu, Sterling LaVine, Massachusetts Mohair Plush Co., Inc., and Landrock Realty Corp.

TWO TRADING BANS CONTINUED. The SEC has issued orders under the Securities Exchange Act suspending exchange and over-the-counter trading in securities of Lincoln Printing Company and over-the-counter trading in securities of United Security Life Insurance Company for the further 10-day period September 30-October 9, 1966, inclusive.

SECURITIES ACT REGISTRATIONS. Effective September 28: Atoka, Inc., 2-25508 (40 days); Americana Life Insurance Co., 2-25189 (40 days); Certain-Teed Products Corp., 2-25450.

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.