

# 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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**CLINTON ENGINES STOCK REGISTRATION SUSPENDED.** The SEC today announced the issuance of a stop order under the Securities Act (Release 33-4724) suspending a registration statement pursuant to which stock of Clinton Engines Corporation, of 200 Park Avenue, New York, was offered and sold to the public in February 1960. The statement, which covered 350,000 shares to be offered by the company and 86,000 by 18 stockholders, all at \$8 per share, became effective February 25, 1960. All of the 350,000 shares were sold that day; and 52,300 of the 86,000 shares were later sold. In its decision supporting the stop order, the Commission stated: "The registration statement contained false current financial data vital to the formulation of an informed appraisal of registrant's current condition and concealed adverse factors concerning its operations that had a highly important bearing upon an understanding of the historical operating record and on its future prospects."

Clinton Engines in 1959 operated three manufacturing divisions with more than 2,000 employees at several plants in Clinton, Michigan, and Maquoketa, Iowa. The largest of the three divisions was the engine division which made small air-cooled gasoline engines sold to manufacturers of garden and agricultural equipment. The other divisions made power chain saws and outboard motors. It then had a sales volume in excess of \$35,000,000; but profit margins were low, earnings fluctuated erratically, and registrant found it difficult to meet obligations as they matured and was unable to take normal trade discounts. Financial statements included in the prospectus, based upon audited figures, showed gross receipts of \$35,067,100 for the fiscal year ended February 28, 1959, as compared with \$29,697,200 for the previous year, and that net earnings had risen from \$131,735 to \$295,336. Also included in the prospectus were unaudited, company figures for the eight months ending on October 31, 1959, showing an even more favorable trend. These figures showed earnings of \$336,321 for the eight-month period, which was more than earnings shown for the entire previous fiscal year and in sharp contrast to the operating loss of \$35,426 sustained in the interim period in 1958.

However, according to the Commission's decision, the favorable unaudited earnings figures derived in large part from a substantial overstatement of reported inventories at the end of the period resulting in a material understatement of cost of products sold. The audited balance sheet of February 28, 1959, showed inventories of \$4,478,117, a figure based on a physical count. According to the unaudited balance sheet of October 31, 1959, inventories had by that date risen to \$5,348,141. That figure was not based on a physical count; according to the prospectus, it was a book amount "computed in accordance with the Corporation's regular method of inventory accounting."

Subsequently, registrant made a careful physical inventory count as of December 31, 1959; and in mid-March 1960, three weeks after the statement became effective and the shares were sold, it became apparent that the actual December 31, 1959 inventory was about \$1,500,000 lower than its book inventory on that date; and it was subsequently concluded that registrant's February 29, 1960 inventory was overstated in its book of account in a net amount of \$1,444,334. After adjustment of registrant's accounts in accordance with these findings, the \$336,321 net profit shown by the unaudited statement in the prospectus for the eight months period ended October 31, 1959 was reduced to \$13,108, after a federal income tax recovery of \$97,000, for the full year ended February 29, 1960.

Upon the basis of the record facts, the Commission concluded that the inventory shortage as of December 31, 1959, did not substantially differ from the \$1,444,334 shortage that admittedly existed on February 29, 1960; and, according to the decision: "The record further supports the conclusion that registrant's unaudited statements of October 31, 1959 materially overstated its inventory on that date and materially understated the cost of goods sold during the 8-month period ended on that date. . . The evidence indicates that . . . various factors present from March 1, 1959 until the end of that year, principally a departure in March 1959 from registrant's prior inventory valuation practices, operated to substantially inflate book inventory and to understate cost of products sold during that period." Thus, the Commission concluded, the unaudited financial statements were "materially distorted" because of a substantial inventory overstatement which had the effect of "presenting the financially straitened registrant in a wholly illusory posture of incipient prosperity . . ."

The Commission also concluded that the discussion in the company's prospectus of registrant's history and business was materially deceptive in that it did not adequately reveal either the gravity and extent of registrant's difficulties or the scope and the cost of a meaningful remedial program.

The Commission rejected arguments of Clinton Engines that a stop order is not appropriate, observing that the order not only suspends the effectiveness of the statement but "also is generally the most effective means of warning the investing public that unreliable statements have been filed and counteracting the false and misleading information publicized by the filings."

**REHEARING ON ARMSTRONG DECISION DENIED.** The SEC has issued an order under the Securities Exchange Act (Release 34-7424) denying a petition of Martin Lasher, a principal officer and director of Armstrong & Co., Inc., 15 William St., New York City, for reconsideration of the Commission's decision of August 20th (Release 34-7399) finding him a cause of the revocation of the Armstrong firm's broker-dealer registration.

OVER

**PUREX FILES STOCK PLAN.** Purex Corporation, Ltd., 5101 Clark Ave., Lakewood, Calif., filed a registration statement (File 2-22806) with the SEC on September 28 seeking registration of 325,000 shares of common stock, to be offered under its 1964 Qualified Stock Option Plan.

**STOP & SHOP FILES STOCK PLAN.** Stop & Shop, Inc., 393 D St., Boston, Mass., filed a registration statement (File 2-22810) with the SEC on September 28 seeking registration of 51,500 shares of common stock, to be offered under its Qualified Stock Option Plan.

**DYMO INDUSTRIES FILES FOR SECONDARY.** Dymo Industries, Inc., 6701 Bay St., Emeryville, Calif., filed a registration statement (File 2-22812) with the SEC on September 28 seeking registration of 43,643 outstanding shares of its capital stock. These shares are to be offered for public sale by the holder thereof, Bowthorpe Holdings Ltd., at the market on the New York and Pacific Coast Stock Exchanges (\$30 per share maximum\*).

The principal business of the company is the development, manufacture and marketing of products for labeling, marking, stenciling, multiple addressing, and information transfer. In addition to indebtedness, it has outstanding 1,886,052 shares of stock, of which management officials own about 17.2%. Bowthorpe Holdings is selling all of its holdings. Leo B. Helzel is board chairman and R. Hurwich is president.

**CALIFORNIA LIFE INSURANCE PROPOSES OFFERING.** California Life Insurance Company, 4400 MacArthur Blvd., Oakland, Calif., filed a registration statement (File 2-22803) with the SEC on September 28 seeking registration of 220,000 shares of common stock, to be offered through underwriters headed by Rutner, Jackson & Gray, Inc., 811 W. Seventh St., and Bateman, Eichler & Bingham, Inc., 453 S. Spring St., both of Los Angeles. The prospectus states that a portion of these shares will be reserved for allotment to certain employees, agents and persons designated by the company, and the remaining stock is to be offered for public sale. The offering price (\$20 per share maximum\*), underwriting terms, and the number of reserved shares, are to be supplied by amendment. The company has agreed to sell to the underwriters 3-year warrants to purchase 19,000 common shares at a price of 105% of the public offering price of the shares being registered hereby and 110% of such offering price during the third year.

The company is engaged in the business of writing individual and group life and individual and group accident and sickness insurance policies in 23 States. Net proceeds from the stock sale will be used in the conduct of its business. The company has outstanding 558,702 common shares, of which management officials as a group own 45.9% (including 30.2% held by B. N. Nemerov, board chairman and president).

**MASS. GENERAL LIFE INS. PROPOSES RIGHTS OFFERING.** Massachusetts General Life Insurance Company, 22 Battery March St., Boston, filed a registration statement (File 2-22804) with the SEC on September 28 seeking registration of 45,600 shares of capital stock, to be offered to its stockholders at the rate of one new share for each 12 shares held. The offering is to be made through Kidder, Peabody & Co. Inc., 75 Federal St., Boston. The subscription price (\$30 per share maximum\*), underwriting terms and record date are to be supplied by amendment.

Organized under Massachusetts law in 1962, the company is engaged in a life insurance, accident and health insurance, and annuity business. Net proceeds from its stock sale will be used to expand its business by further enlarging its sales force and to underwrite losses from operations which can be anticipated for some years in the future. The company has outstanding 547,200 capital shares, of which management officials as a group own 8%. In connection with the organization of the company in January 1962, 200,000 shares were sold to 24 investors at \$8 per share, and in December 1962 the company sold 330,000 shares to the public at \$11.50 per share. Lawrence A. Sykes is board chairman and James R. Greaney is president.

**MASS. LIFE INSURANCE PROPOSES OFFERING.** Massachusetts Life Insurance Company, 40 Broad St., Boston, filed a registration statement (File 2-22807) with the SEC on September 28 seeking registration of 235,000 shares of capital stock, to be offered for public sale through representatives of the company and NASD members. The company will pay a 10% commission on sales arranged by dealers. The public offering price (\$18 per share maximum\*) is to be supplied by amendment.

Organized under Massachusetts law in 1963, the company conducts a life insurance and annuity business. Net proceeds from its stock sale will be used by the company to expand its business by the enlargement of its sales force, to underwrite losses from operations which can be anticipated for some years in the future, and for other working capital purposes. The company has outstanding 1,408,700 shares of capital stock, of which management officials as a group own 50.8% (including 38.8% owned by Charles A. Breslin, company president, and his family). The original capital of the company was provided through the sale of 200,000 shares at \$6 per share. In February 1964, it sold 60,000 additional shares at \$18 per share to its then stockholders or their assigns. In June 1964 a stock dividend of one share for each share outstanding was declared; and subsequently, a 2-for-1 stock split was effected.

**GLOBE ASSURANCE FILES FINANCING PROPOSAL.** Globe Assurance Company, 1224 Huron Rd., Cleveland, Ohio, filed a registration statement (File 2-22808) with the SEC on September 28 seeking registration of 215,000 shares of common stock. Of this stock, 75,000 shares are to be offered to stockholders at \$8.25 per share at the rate of one new<sup>share</sup> for each two shares held (the record date to be supplied by amendment); and 65,000 shares, being outstanding stock, are to be offered at \$8.25 per share by the present holders thereof to certain persons who have indicated an interest in acquiring such stock. In addition, the company is offering 50,000 shares to its licensed insurance brokers and will issue the remaining 25,000 shares upon exercise of options to be granted to its salaried employees.

The company is a domestic legal reserve life insurance company, and net proceeds derived from its sale of additional stock will be used in the conduct of such business. It has outstanding 150,000 shares of common stock, of which management officials as a group own 67%. The selling stockholders are listed as Harold Franklin (president) and Morton H. Franklin (executive vice president), each offering 32,500 shares of respective holdings of 49,994 shares.

**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. Copies thereof may be ordered from the Commission's Public Reference Section (please give News Digest's "Issue No." in ordering). Invoice will be included with photocopy material when mailed. An index of the caption of the several items of the form was included in the September 2 News Digest.

8K for Aug. 1964

Kulicke & Soffa Mfg. Co  
 Dec. 1962 ( 11)  
 Jan. 1964 ( 11)  
 Elgeet Optical Co Inc ( 9,11,13)

Capitol Food Ind, Inc ( 11)

Kromex Corp ( 2,11)  
 Pennsylvania Power & Light Co  
 ( 3)

The First Republic Corp of  
 America ( 2,3,7,8,12,13)

American Fidelity & Casualty Co  
 ( 2,12)

Data Products Corp ( 3)  
 Knox Glass, Inc ( 12,13)  
 Thrift Plan of Reda Pump Co  
 ( 7)

Buckeye Corp ( 11,13)

Dover Corp ( 11,13)  
 Thrift Plan Of Phillips Petroleum  
 Co & Subs Cos & Phillips Petroleum  
 Co ( 7)  
 Banner Ind, Inc ( Amend #1 to 8K  
 for April 1962 ( 2,7,13)

Central Tel. Co ( 8)  
 Compudyne Corp ( 7)  
 Consumers Cooperative Assoc. ( 8)  
 Cryogenic Engineering Co ( 3)  
 ( July 1964 ( 13)  
 Goddard Ind, Inc ( Feb. 1964) ( 2,13)  
 Michigan Bell Tel. Co ( July 1964) ( 13)  
 Silver Creek Precision Corp ( 12)  
 P. J. Ritter Co ( Sept. 1963) ( 4,7,13)  
 Southeastern Tel. Co ( 7,13)

Atlas Corp ( 3,6)  
 Billups Western Petroleum Co ( Sept. 1964)  
 ( 11)  
 Investment Property Builders, Inc  
 ( July 1964) ( 13)  
 Kentucky Power Co ( 3)  
 Los Angeles Drug Co (July 1964) ( 11,13)  
 Ohio Power Co ( 3)  
 Oxford Paper Co ( 12)  
 Waialua Agricultural Co Ltd ( 11,13)

Cousins Properties Inc ( July 1964) ( 7,12  
 13)  
 Hycon Mfg. Co ( 13)  
 Illinois Central RR Co ( 1)  
 Illinois Central Ind, Inc ( 1)  
 New Idria Mining & Chemical Co ( 2)  
 Pacific Standard Life Insurance Co  
 ( May, June, July & Aug. 1964) ( 7)  
 Seeburg Corp ( 7)  
 United Investors Corp ( 4,7,13)

Baruch-Foster Corp ( 2,13)  
 Brown Co ( 12)  
 Gulf States Land & Ind, Inc ( 12,13)  
 The Perkin-Elmer Corp ( 12)

Alberto-Culver Co ( 4,7,8,13)  
 Columbia Pictures Corp ( 7)  
 Gold Canyon Mines, Inc ( 11)  
 Interstate Securities Co ( 3)  
 Loehmann's Inc ( 3)  
 Metropolitan Devel. Corp ( 7)  
 Montgomery Ward Credit Corp ( 7)  
 Reeves Broadcasting Corp ( 4,7,8,13)

Coastal States Gas Producing Co ( 12)  
 Eckerd Drugs Of Florida Inc ( 7,13)  
 Foster-Forbes Glass Co ( 12,13)  
 McCall Corp ( 4,7,13)  
 Ferrine Ind, Inc ( 6,11)  
 Statham Instruments, Inc ( 8)

Ampex Corp ( 11)  
 Canadian Javelin Ltd ( 2,13)  
 Consolidated Oil & Gas Inc ( 7,8,9,11)  
 Falcon Seaboard Drilling Co ( 2,7,13)  
 First Mortgage Investors ( July 1964) ( 7,13)  
 Food Fair Stores Inc ( 11,13)  
 Gulf American Land Corp ( 12)  
 Hecla Mining Co ( 2)  
 Iowa Illinois Gas & Elec. Co ( 3)  
 Lincoln Printing Co ( 1,6,7,9,13)  
 Penobscot Co ( 12,13)  
 Radiation Inc ( 4,7,)  
 Will Ross, Inc ( 7)  
 Schultz Sav-O-Stores, Inc ( 2,7,8,13)  
 Sonoco Products Co ( 2,11)

American Safety Table Co Inc ( 11,12,13)  
 Avco Corp ( 8)  
 Consolidated Cigar Corp ( 13)  
 Fidelity Bankers Life Insurance Co ( 2)  
 General Devel. Corp ( 3,7,8)  
 Stanley Warner Corp ( 4,7,12,13)

Holiday Inns Of America, Inc ( 12)  
 Howe Sound Co ( 7)  
 Airport Parking Co of America ( 2,7,11,12,13)  
 American Smelting & Refining Co ( 13)  
 Arkansas Western Gas Co ( 7)  
 Delhi-Taylor Oil Corp ( 11,13)  
 Fischer & Porter Co ( 4,7,8,11,13)  
 Highway Trailer Ind, Inc ( 9,11,12,13)  
 Metromedia, Inc ( 2,7,8,4,13)  
 Simon Hardware Co ( 9,13)  
 Whirlpool Corp ( 12,13)  
 Yates American Machine Co ( 2,13)

American Crystal Sugar Co ( 4,12,13)  
 Becton, Dickinson & Co ( 3,13)  
 Bell & Howell Co ( 8)  
 Central Charge Service, Inc ( 7,12,13)

**STANDARD INTERNATIONAL PROPOSES OFFERING.** Standard International Corporation, 166 N. Main St., Andover, Mass., filed a registration statement (File 2-22809) with the SEC on September 28 seeking registration of 182,500 shares of common stock. Of this stock, 172,500 shares are to be offered for public sale through underwriters headed by New York Hanseatic Corporation, 60 Broad St., New York, and 10,000 to company employees. The public offering price (\$17 per share maximum\*) and underwriting terms are to be supplied by amendment. The underwriter is to receive \$25,000 and options for an aggregate of 12,500 common shares for services rendered in connection with the merger of Lestoil Products, Inc., into the company, which shares also are covered by the registration statement.

The company is a manufacturing and marketing corporation. Through its divisions and subsidiaries, it produces and sells such items as surgical instruments, metal housewares, engraved embossing rolls, religious publications, commercial printing, paper products, household cleaning products and, in South America, Coca Cola and other soft drinks. According to the prospectus, Lestoil Products, whose principal product is an all-purpose heavy-duty liquid detergent, will merge into the company prior to the delivery of the securities being registered. The two companies have been under common management since 1960. Of the net proceeds from its stock sale (together with \$1,000,000 to be borrowed from an insurance company), \$793,170 will be used to redeem outstanding Class A stock of Lestoil and \$2,400,000 will be used to pay a bank debt incurred in connection with Lestoil's purchase of approximately 61.5% of the capital stock of The Bon Ami Company in 1963. The balance of the proceeds will be applied to the purchase (for \$600,000) of Johnson-Watson Printing and Book-binding Company. In addition to indebtedness and preferred stock, the company has outstanding 1,470,020 common shares (after giving effect to the exchange of one company share for each three shares of Lestoil upon the effective date of the merger). Management officials as a group own 48.5% of the outstanding stock. John Bolten, Sr., is board chairman and Daniel E. Hogan, Jr., is president.

**FAR WEST FINANCIAL PROPOSES OFFERING.** Far West Financial Corporation, 612 South Flower St., Los Angeles, Calif., filed a registration statement (File 2-22813) with the SEC on September 28 seeking registration of \$7,500,000 of Subordinated Debentures due 1979, with warrants to purchase capital stock. The debentures and warrants are to be offered for public sale in units, consisting of \$1,000 principal amount of debentures and warrants for a to-be-specified number of shares, and at \$1,000 per unit. The interest rate on the debentures and exercise price of the warrants, and underwriting terms are to be supplied by amendment. Eastman Dillon, Union Securities & Co., of One Chase Manhattan Plaza, New York, N. Y., is listed as the principal underwriter.

The company's principal business consists of owning substantially all (99.19%) of the equity shares of State Mutual Savings and Loan Association, of Los Angeles; and it also is engaged in the purchase, development and resale of land in southern California and operates an insurance agency. Net proceeds of this financing will be used in part to pay off bank loans of some \$4,500,000 incurred primarily for the purchase of real property; and the balance will be used principally to acquire real properties for development and other corporate operations. In addition to indebtedness, the company has outstanding 1,331,269 shares of stock, of which management officials own 16.08%. John S. Griffith is board chairman and Robert H. Greene is president.

**BROAD STREET SALES SEEKS ORDER.** Broad Street Sales Corporation, 65 Broadway, New York, has applied to the SEC for an order under the Investment Company Act authorizing the exchange of Broad Street Sales Plans for the Accumulation of Shares of National Investors Corporation (New Plans) for the presently outstanding securities of Plans for the Accumulation of Shares of Continental Growth Fund, Inc. (Old Plans); and the Commission has issued an order (Release IC-4056) giving interested persons until October 12 to request a hearing thereon. According to the application, Old Plans was organized on August 25, 1960. On April 30, 1964, it had outstanding \$289,751 of fully paid Plans held by 125 persons, and it had sold \$3,693,300 of systematic investment Plans held by 828 persons, upon which \$586,502 had been paid. In an SEC injunctive action, a receiver was appointed for Old Plans and for Continental Growth Fund, Inc., a registered open-end investment company, shares of which are the underlying security held by Old Plans. Pursuant to court orders, outstanding Old Plans may not be completed, transferred or redeemed. In conformance with a court-approved plan of reorganization, Continental's assets are to be sold to National Investors Corporation, a registered open-end investment company, in exchange for shares of National which will be distributed to Continental's shareholders. Following the distribution of National's shares, Continental will be dissolved. National has agreed to use reasonable efforts, in cooperation with the Receiver, to make available to the planholders of Old Plans an arrangement pursuant to which they may complete the payments called for under their Old Plans, and thus purchase shares of National on substantially the same terms under which they have been purchasing shares of Continental.

**SECURITIES ACT REGISTRATIONS.** Effective September 28: Kinney Service Corp. (File 2-22746). Effective September 29: Acme Markets, Inc. (File 2-22672); Belden & Blake and Co. Ltd. Partnership No. 8 (File 2-22763); Cluett, Peabody & Co., Inc. (File 2-22737); Parker-Hannifin Corp. (File 2-22718).

\*As estimated for purposes of computing the registration fee.

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