

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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MASSACHUSETTS INVESTORS GROWTH FUND SEEKS ORDER. Massachusetts Investors Growth Stock Fund, Inc., Boston, Mass., open-end diversified investment company, has applied to the SEC for an order under the Investment Company Act authorizing it to issue its shares at net asset value for substantially all of the cash and securities of The Rauh Company. The Commission has issued an order (Release IC-4731) giving interested persons until November 17 to request a hearing thereon. The application states that Rauh is a personal holding company, the shares of which are held by eight individuals and three trusts. As of September 9 the net assets of Rauh approximated \$1,083,185.

DIELECTRIC PRODUCTS ENGINEERING PROPOSES OFFERING. Dielectric Products Engineering Company, Inc., 140 Federal St., Boston, Mass. 02110, filed a registration statement (File 2-25650) with the SEC on October 26 seeking registration of \$2,500,000 of 6 $\frac{1}{2}$ % convertible subordinated debentures (due 1981). The debentures are to be offered for public sale at \$1,000 per unit, through underwriters headed by McDonnell & Co., Inc., 120 Broadway, New York 10005. The underwriting terms are to be supplied by amendment. The company has agreed to pay the underwriters \$16,000 in partial reimbursement of their expenses in connection with this offering and has granted to the representative underwriter a five-year option to purchase 23,000 shares of common stock. The company is engaged in the development, manufacture and sale of equipment primarily for the telecommunications and commercial broadcast industries. Of the net proceeds of its debenture sale, \$985,000 will be used to pay short-term indebtedness and \$750,000 to finance increased inventories and for other working capital, and the balance will be added to general funds. The company intends to begin construction in 1967 of a new plant at Ayer, Mass., the estimated cost of which is \$1,500,000. In addition to indebtedness and preferred stock, it has outstanding 514,858 common shares, of which management officials own 88,106 shares. Charles D. Brown is board chairman and Robert C. Houser is president.

NEW BRUNSWICK ELECTRIC PROPOSES OFFERING. The New Brunswick Electric Power Commission filed a registration statement (File 2-25651) with the SEC on October 27 seeking registration of \$15,000,000 of sinking fund debentures due 1991. The debentures, which are to be guaranteed unconditionally as to principal and interest by the Province of New Brunswick, Canada, are to be offered for public sale through underwriters headed by The First Boston Corporation and Harris & Partners, Inc., both of 20 Exchange Pl. New York 10005. The interest rate, public offering price and underwriting terms are to be supplied by amendment. New Brunswick Electric will apply the net proceeds of its debenture sale toward its construction program, estimated at \$67,068,000 for 1967.

LEAR SIEGLER FILES FOR SECONDARY. Lear Siegler, Inc., 3171 S. Bundy Dr., Santa Monica, Calif. 90406, filed a registration statement (File 2-25652) with the SEC on October 27 seeking registration of 200,000 shares of \$4.50 convertible preferred stock. The stock is to be issued in connection with the company's proposed acquisition of substantially all of the assets of American Metal Products Co., in accordance with an Agreement and Plan of Reorganization dated May 17, 1966. The recipients thereof may offer the stock (or common stock into which the preferred stock is convertible) for public sale from time to time on the New York Stock Exchange at prices current at the time of sale (\$66 per preferred share maximum*).

Lear Siegler is engaged in the manufacture of aerospace systems, commercial and industrial electronics, communications systems, heating and cooling equipment, and other technical service activities. American Metal, located in Detroit, is engaged primarily in the manufacture and sale of automobile and truck components, furniture, display equipment and self-lubricating high-performance bearings for aircraft. In addition to indebtedness and preferred stock, Lear Siegler has outstanding 4,341,281 common shares. The prospectus lists two prospective selling stockholders, as follows: Management and Capital Company, a partnership, which may offer 170,000 preferred shares and A. M. P. Investment Co., a partnership, 30,000 shares. John G. Brooks is board chairman and president of Lear Siegler.

AIR CALIFORNIA PROPOSES OFFERING. Air California, 440 Campus Dr., Newport Beach, Calif., filed a registration statement (File 2-25653) with the SEC on October 27 seeking registration of 250,000 shares of common stock. The stock is to be offered for public sale at \$10 per share through underwriters headed by First California Co., Inc., 300 Montgomery St., San Francisco, Calif., which will receive a \$.85-per-share commission. The company has agreed to deliver to First California five-year warrants to purchase 5,000 common shares, exercisable initially at \$11 per share. The prospectus states that certain company officers have agreed to purchase an additional 18,033 common shares (not included in the 250,000 shares) at the public offering price, less underwriting discounts.

Organized under California law in April 1966, the company proposes to commence in January 1967 a non-stop air passenger service between Santa Ana and San Francisco, Calif. It has entered into contracts with American Airlines, Inc., for the purchase of two Lockheed Electra Aircraft and with various other suppliers of equipment and service. The company will use the net proceeds of its stock sale, together with \$2,800,000 to be received from a loan and the sale of notes and stock purchase warrants, to purchase said aircraft and to repay certain indebtedness. In addition, \$800,000 will be used to purchase certificates of deposit to be pledged as supplementary collateral for notes and \$1,000,000 will be used as temporary collateral for certain

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notes. The balance of the proceeds will be used to cover cash requirements during the initial period of operations. In addition to indebtedness, the company has outstanding 135,000 common shares, of which management officials own about 86%. All of the outstanding shares were purchased for \$1 per share in July 1966. Thomas Wolfe is board chairman and J. Kenneth Hull is president of the company.

REGENCY FUND SEEKS ORDER. The Regency Fund, Inc., New York, has applied to the SEC for an order under the Investment Company Act declaring that it has ceased to be an investment company; and the Commission has issued an order (Release IC-4730) giving interested persons until November 23 to request a hearing thereon. The application states that, pursuant to a stockholder-approved plan of liquidation and dissolution, the company has ceased operations except for the purpose of winding up its affairs.

MIDWEST PETROLEUM, OTHERS ENJOINED. The SEC Denver Regional Office announced October 25 (LR-3605) the entry of a Federal court order enjoining Midwest Petroleum, Inc., Great Plains Oil Company, and Shay J. Beninato, all of Omaha, from further violations of the Securities Act registration and anti-fraud provisions in the sale of interests in oil and gas leases on land situated in Nebraska and Colorado.

TRADING BANS CONTINUED. The SEC has issued an order under the Securities Exchange Act suspending over-the-counter trading in securities of Continental Vending Machine Corporation for the 10-day period October 29-November 7, 1966, inclusive. The Commission also issued orders 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 10-day period October 30-November 8, 1966, inclusive.

NASD EXPULSION OF LANGLEY-HOWARD AFFIRMED. In a decision announced today (Release 34-7986), the SEC upheld a decision and order of the National Association of Securities Dealers, Inc. providing for the expulsion from membership in that association of Langley-Howard, Inc., of Pittsburgh, Pa., and the revocation of the registration of the firm's president, John A. Howard, as a registered representative. The Commission also sustained a \$3,000 fine imposed against the firm and a \$5,000 fine imposed upon Howard, as well as the assessment of costs.

The action was based upon findings by the NASD, affirmed by the Commission, that during the period September 1962 to June 1963, Langley-Howard and Howard violated NASD rules by effecting transactions for customers in stocks of Founders Financial, Inc., Onego Corp. and National Bowling Lanes, Inc. ("NBL"), at prices reflecting an unfair and excessive mark-up over prevailing market prices. The Commission found that the mark-ups on Founders stock ranged from 9.4% to 21.7% in 29 sales; the mark-ups on Onego stock ranged from 12.5% to 50% in 73 sales; and that NBL stock was sold at mark-ups which exceeded 10% in 121 sales. The Commission and the NASD rejected the firm's position that its offers in the pink sheets were better evidence of prevailing market price than its contemporaneous cost of purchases where there were no sales to dealers at those offering prices.

Furthermore, the NASD concluded that Mark E. O'Leary, a director and salesman, and four other salesmen were also responsible for charging unfair prices, since the compensation they received on sales was so large as to put them on notice that the prices were unfair. Accordingly, it fined O'Leary \$500 and suspended his registration for sixty days, and fined each of the other four salesmen \$200 and suspended their registrations for thirty days. These findings and sanctions were set aside by the Commission. It concluded that O'Leary should not be held liable merely because of the position he occupied, since Howard alone was responsible for fixing the mark-ups and making all policy decisions. The Commission further stated that it was not clear from the record whether the compensation received by the salesmen should have put them on notice that the mark-ups were or might be unfair, and that the record did not show that the salesmen knew or should have known that no inter-dealer sales were effected at the offering prices quoted in the sheets.

The applicant expressly refrained from arguing the merits of the charges against them, but urged instead that they were denied due process in various respects; they asserted that the NASD acted "simultaneously" as "prosecutor, judge and jury," exhibited bias against them and denied them an opportunity to obtain and present pertinent and material evidence." The Commission found no substance to these allegations.

SECURITIES ACT REGISTRATIONS. Effective October 27: Alpha Industries, Inc., 2-25197 (Jan 25); Spring Mills, Inc., 2-25580 (Jan 25); Wisconsin Electric Power Co., 2-25593.
Effective October 28: Airborne Freight Corp., 2-25130.

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.