

SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST



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

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SEC

(Issue No. 68-225)

FOR RELEASE November 18, 1968

COMMISSION RATE HEARING SCHEDULE. The hearing on stock exchange commission rate structure will resume at 11:00 A.M., Wednesday, November 20, 1968. At that time testimony will be given by Leonard A. Frisbie, of Leonard A. Frisbie, Co., Inc. who has asked to testify on the existence of and future existence of negotiated commissions and the past and future functions of regional stock exchanges. The hearings will be held in Room 776, 500 North Capital Street, Washington, D. C.

PICKARD FIRM REVOKED; TWO BARRED. The SEC today announced the issuance of an order under the Exchange Act and Advisers Act (Release 34-8447) revoking the broker-dealer and investment adviser registrations of Pickard & Company, Inc., of New York City. The Pickard firm consented to the issuance of the order, but without admitting or denying allegations that it engaged in activities violative of various provisions of the said Acts. Two former associates of the firm, John W. Bendall, Jr. (Release 34-8448), and Jack Flittman (Release 34-8449), admitted certain allegations against them and consented to the issuance of orders barring them from further association with any broker-dealer firm.

The action with respect to the Pickard firm involved alleged violations of anti-fraud and other provisions of the Federal securities laws. More particularly, it was alleged that the firm (a) made false and misleading statements concerning its ability to select profitable securities through use of a new method of employing a computer and certain graphs and charts, and the capability of such method to guarantee customers profits and portfolio appreciation; (b) engaged in the securities business in violation of the SEC record-keeping rules and that its records contained numerous errors and could not be relied upon accurately and promptly to reflect the securities or cash held for customers, and the firm did not have the facilities and personnel necessary in order promptly to consummate customers' securities transactions and make delivery of securities and cash to customers; (c) failed to comply with the NYSE financial requirements and to file with the SEC a report of financial condition for the year 1967; (d) made false and misleading representations in the offer and sale of stock of Dyna Ray Corporation, manipulated the price of the stock of Rowland Products, Inc., and effected excessive trading in the discretionary accounts of customers; (e) induced customers to subordinate their securities and cash to general creditors of the firm by means of false and misleading statements concerning, and the failure to disclose, the firm's financial condition and the extensive withdrawal of capital funds from the firm by certain of its officers and directors; and (f) violated hypothecation, confirmation, short selling and margin rules.

As to Bendall, the Commission found that he caused the firm improperly to extend and maintain credit on listed and unlisted securities, and to effect securities transactions which were excessive in size and frequency in certain customers' accounts in which he was vested with discretionary power. Among other things, he exchanged checks with the firm in the amount of about \$133,000 in order to give the appearance that funds were being deposited in certain accounts although at the time there were insufficient funds in his bank to cover his checks, resulting in a net loss to the firm of about \$95,823.

Flittman also was found to have caused improper extension of credit, and in addition to have manipulated the market price for the stock of Rowland Products, Inc. during the period November 1967 - January 1968, during which period transactions in such stock in customers' accounts controlled by him accounted for from 30 percent to 100 percent of the volume of transactions in such stock reported on the American Stock Exchange. Among other things, he purchased Rowland Products stock in an account controlled by him without depositing any cash or collateral in such account, resulting in a loss to the firm of about \$22,000.

The Pickard firm is in liquidation pursuant to an agreement among the firm, its voting stockholders, and the New York Stock Exchange. Previously, by order of October 24 (Release 34-8433), the Commission barred John Sackville-Pickard and Peter Sackville-Pickard, officers and principal stockholders from being associated with a broker-dealer firm and from being an investment adviser.

SEC ORDER CITES VOLANTE, BEHAR & SPERLING. The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving the firm of Volante, Behar and Sperling, of New York City, and its partners, Guido Volante, Jacques Behar and Sperling. The firm has applied for broker-dealer registration. At issue in the proceedings is the question whether registration application should be denied. The proceedings are based upon staff allegations that from July 24, 1968 to date the firm, aided and abetted by the individual respondents, engaged in the conduct of a securities business without being registered as a broker-dealer; also, that in February 1968, Volante (among others) was preliminarily enjoined by a Federal court order from violations of the registration and anti-fraud provisions of the Federal securities laws in the sale of stock of North American Research and Development Corporation, and in June 1968, Volante (among others) was preliminarily enjoined from violating certain provisions of the Exchange Act and rules thereunder in connection with his activities with, and relationship to, Dunhill Securities Corporation.

A hearing will be held (on a date to be announced) to take evidence on the staff allegations and afford the respondents an opportunity to offer any defenses thereto. On or before November 20, 1968, the respondents may file affidavits (and be heard in oral argument before the Commission, if requested) on the question whether the effective date of the firm's registration application should be deferred pending decision on the question of denial.

OVER

ADAMS EXPRESS RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-5541) with respect to transactions incident to the proposed merger of The Adams Express Company ("Adams") and American International Corporation ("AIC"), both of New York, with Adams to continue as the surviving company. Adams owns 75.33% of AIC's outstanding common stock. The same individuals comprise the officers and directors of the two companies.

MASS. INVESTORS GROWTH FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5542) giving interested persons until December 6 to request a hearing upon an application of Massachusetts Investors Growth Stock Fund, Inc. ("MIG"), Boston mutual fund, with respect to its proposal to acquire substantially all of the assets of R. D. Britton and Associates, Inc. ("Britton"). Britton, a New York corporation, is a personal holding company all of whose common and preferred stock is held by fewer than 25 persons. MIG proposes to issue its shares at their net asset value for Britton's assets, which had a market value of \$465,360 on October 17, 1968. If the transaction had been completed on that date, Britton would have received 35,769 MIG shares. Upon receipt by Britton, the MIG shares will be distributed to Britton shareholders on liquidation of Britton.

COLUMBIA GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16208) granting an extension to December 31, 1969, with respect to the proposed \$25,000 investment by Columbia Gas of Pennsylvania, Inc., a subsidiary of The Columbia Gas System, Inc., in securities of Allegheny Housing Rehabilitation Corporation ("AHRCO"). AHRCO has called on Columbia Gas of Pennsylvania for only part of its commitment, and has deferred calling for the balance thereof.

CONSOLIDATED NATURAL GAS RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16210) authorizing Consolidated Natural Gas Company ("Consolidated"), a New York holding company, to increase by \$10,000,000 the amount of short-term notes it may issue and sell up to May 15, 1969, representing an increase of from 14% to 15% of the principal amount and par value of other outstanding securities of Consolidated. Net proceeds of its borrowings will be used to finance construction, gas storage inventories, and other corporate expenditures of subsidiary companies, and to reimburse its treasury in part for construction advances to subsidiary companies made in 1968 in excess of related borrowings by Consolidated.

PHILADELPHIA ELECTRIC SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16212) giving interested persons until December 5 to request a hearing with respect to the application of the Philadelphia Electric Power Company ("PEPCo") and its wholly-owned subsidiary, Susquehanna Power Company ("SPCo"), Philadelphia, to issue short term notes to banks. PEPCo proposes to increase the amount of short term notes issued to banks from time to time prior to December 31, 1969, from \$2.5 million (presently outstanding) to \$8 million to be outstanding at any one time. SPCo proposes to issue and sell from time to time to December 31, 1969, up to \$3 million of short term notes to banks. PEPCo will use the proceeds of its borrowings for construction expenditures, for sinking fund payments and for the purchase of additional common shares of SPCo. SPCo will use the proceeds of its borrowings for intermediate financing of its future improvements.

EARTH RESOURCES TO SELL STOCK. Earth Resources Company, 303 Expressway Tower, Dallas, Tex. 75206, filed a registration statement (File 2-30710) with the SEC on November 12 seeking registration of 800,000 shares of common stock, to be offered for public sale through underwriters headed by Kidder, Peabody & Co. Inc., 20 Exchange Pl., New York 10005. The offering price (\$13.50 per share maximum*) and underwriting terms are to be supplied by amendment. The company has sold or will sell to the Kidder, Peabody firm 14,000 common shares at \$8 per share.

The company was organized under Delaware law in July 1968 to search for and, if justified, develop commercially exploitable mineral deposits, principally uranium and, to a lesser extent, silver, gold, copper and other minerals. In July, the company purchased some 51% of the common stock of Delta Refining Company, which owns and operates a petroleum refinery with a 28,500 barrels-per-day capacity, for \$3,648,250. Thereafter, the company caused Delta to purchase from its shareholders all of its remaining outstanding common and preferred stock for \$5,045,500. The company has also recently acquired Vitro Minerals Corporation, which has mineral leases and mining claims in the United States, coal mining operations in Alaska, minority interests in exploration and development operations in Peru, and an experienced staff of geologists, engineers and managers, additional mineral leases through its acquisition of Graystone Drilling Company and an interest in a silver prospect in Mexico through its acquisition of 30% of the outstanding capital stock of Minas de la Cienega S.A. Of the net proceeds of its stock sale, \$8,388,000, together with some \$2,090,000 currently pledged, will be used to pay bank indebtedness incurred by the company and Delta in connection with the acquisitions of Delta and Vitro and a proposed \$129,500 loan of Minas, \$200,000 to finance exploration activities on existing properties and \$800,000 to acquire and explore additional properties; the balance will be added to working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 2,364,000 common shares, of which Sam Wyly, a director, and Charles J. Wyly, Jr., board chairman own 29.1% and 24.8%, respectively, and management officials as a group 64.4%. Dan M. Krause is president. Upon completion of this offering, the original stockholders will own 2,250,000 common shares, for which the company received \$843,750, or \$.375 per share; the purchasers of the shares registered will own 800,000 common shares, for which they will have paid \$10,800,000*.

NATURAL GAS PIPELINE TO SELL PREFERRED STOCK. Natural Gas Pipeline Company of America, 122 S. Michigan Ave., Chicago, Ill. 60603, filed a registration statement (File 2-30730) with the SEC on November 14 seeking registration of 250,000 shares of cumulative preferred stock (\$100 par), to be offered for public sale through underwriters headed by Dillon, Read & Co., Inc., 46 William St., New York 10005, and Halsey, Stuart & Co., Inc., 123 S. LaSalle St., Chicago, Ill. 60690. The dividend rate, offering price (\$101 per share maximum*) and underwriting terms are to be supplied by amendment.

A subsidiary of The Peoples Gas Company, the company will add the net proceeds of its sale of preferred stock to its general funds to pay a portion of the \$95,500,000 of bank loans expected to be outstanding; such loans were obtained to finance temporarily rate refunds and construction expenditures. Construction expenditures to increase the maximum daily delivery capacity for the 1969-70 winter heating season are estimated at \$84,000,000; in addition, normal construction expenditures are estimated at \$11,500,000 for the balance of the fiscal year ended September 30, 1969. In addition to indebtedness, the company has outstanding 351,200 cumulative preferred shares and 2,739,200 common shares. Remick McDowell is board chairman and George P. Garver president.

AGAU MINES PROPOSES OFFERING. Agau Mines, Inc., Box 355, Mackay, Idaho 83251, filed a registration statement (File 2-30732) with the SEC on November 14 seeking registration of 300,000 shares of common stock and 300,000 common stock purchase warrants, to be offered for public sale in units, each consisting of 100 common shares and 100 warrants, and at \$51 per unit. The offering is to be made on an "all or none" basis through Willis E. Burnside & Co., Inc., which will receive a \$5.10 per unit selling commission and \$3,000 for expenses. The company has agreed, if all the units are sold, to sell the Burnside firm, at 1¢ per warrant, warrants to purchase 30,000 common shares at \$.625 per share.

Organized under Delaware law in June 1968, the company owns mining properties which have been known and explored by various operators in search of gold and silver since the 1880's; the company is primarily interested in silver. Net proceeds of its stock sale will be used in exploration of the properties. Upon completion of this offering, the company will have outstanding 2,255,000 common shares, of which John C. Lawrence, president, and Fred H. Tresher, secretary-treasurer, will own 18.7% each and David E. Bell, vice president 18%. Company officials will then own 55.4% of the then outstanding shares, for which they paid \$25,550, while the purchasers of the shares being registered will own 44.7%, for which they will have paid \$400,425.

DIVI DIVI HOTEL CORP. PROPOSES OFFERING. Divi Divi Hotel Corporation, N.V., 308 North Tioga St., Ithaca, N. Y. 14850, filed a registration statement (File 2-30733) with the SEC on November 14 seeking registration of 4,000 shares of common stock, to be offered for public sale at \$100 per share. No underwriting is involved.

Organized under Aruba law in December 1966, the company proposes to arrange for the construction of and to operate in the Island of Aruba (in the Caribbean Sea) a modern luxury resort hotel, including dining and public rooms. Net proceeds of its stock sale will be used in connection with construction of the hotel and the balance will be added to the company's general funds and used in its operations. The company has outstanding 1,000 common shares, of which Walter J. Wiggins, president and board chairman, and Anthony Ceracche, secretary-treasurer, own 50% each.

NEON PRODUCTS TO SELL DEBENTURES. Neon Products of Canada Limited, 1225 Marine Building, 355 Burrard St. Vancouver 1, B. C., Canada, filed a registration statement (File 2-30734) with the SEC on November 14 seeking registration of \$20,000,000 of convertible subordinated debentures, due 1988, to be offered for public sale through underwriters headed by Burnham & Co., 60 Broad St., New York 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company was originally in the electric sign and outdoor advertising business. In 1968, it initiated an acquisition policy and acquired (for 1,554,833 common shares), companies operating a supermarket chain, a paint and decorator item business, a merchandising business, a trucking business and a wholesale distributor of hard and soft floor coverings. Of the net proceeds of its debenture sale, \$7,513,880 will be used for payment of short term obligations, proceeds of which were used as working capital, \$5,442,661 for prepayment of long term obligations and \$884,762 for prepayment of certain mortgage obligations; the balance will augment working capital to finance the expansion of existing operations and to provide funds for the acquisition and development of new businesses. In addition to indebtedness, the company has outstanding 2,669,556 common shares, of which management officials as a group own 5.7%. Arthur Bell Christopher is board chairman and James Allen Pattison president.

DELISTING GRANTED. The SEC has issued an order under the Securities Exchange Act (Release 34-8453) granting an application of the Pacific Coast Stock Exchange to strike the common stock of Budget Finance Plan from listing in registration, effective at the opening of business November 15, 1968. Pursuant to an exchange offer by Budget Industries, Inc., only 45,985 common shares of Budget Finance Plan remain publicly held.

STEPHAN CO. STOCK DELISTED. The SEC today announced the issuance of a decision under the Securities Exchange Act (Release 34-8452) granting an application of the American Stock Exchange to strike from listing and registration the common stock of The Stephan Co., Fort Lauderdale, Fla., effective at the opening of trading November 18. Trading in the stock was suspended by the Exchange in August 1968. The Exchange's application stated that Stephan had net tangible assets of only \$549,828 as of December 31, 1967, and had reported losses for four of the five years ending on that date, including 1966 and 1967. The Commission rejected Stephan's request that the Exchange be directed to reconsider its delisting application and defer its effective date until February 1969 in view of a reported net income of \$40,145 for the first six months of 1968 and indications of a possible continuance of the favorable trend in earnings. It observed in this connection that it is clear that Stephan's financial condition and operations do not meet the Exchange's standards for continued listing and that whether it will report a profit for 1968 is a matter of conjecture.

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 "Issue No." in ordering). Invoice will be included with the requested material when mailed. An index of the captions of the several items of the form was included in the November 1 News Digest.

Hotel Corp of Israel Oct 68 (12,13)	0-1670-2	Argus Inc. Oct 68 (12)	1-4544-2
Sargent Welch Scientific Co. Oct 68 (12,13)	1-4711-2	First Cheyenne Corporation Oct 68 (2,7,9)	2-23029-2
Siboney Corp. Aug 68 (7,8)	1-3952-2	Houdaille Industries Inc. Oct 68 (7,13)	1-5682-2
Thrift Drug Co. of Penn. Oct 68 (12)	0-1-2	Josten's Inc. Oct 68 (7,11,13)	1-5064-2
Wisconsin Public Service Corp. Oct 68 (7,13)	1-3016-2	Lamb Communications Inc. Oct 68 (2,3,7,13)	0-3133-2
		Macke Company Oct 68 (4,13)	1-4341-2
Defense Electronics Inc. Oct 68 (3)	0-725-2	Rust Craft Greeting Cards Inc. Oct 68 (7)	1-5524-2
Gray Drug Stores Inc. Oct 68 (7,11,13)	1-1387-2		
Penn Controls, Inc. Oct 68 (2,8,11,13)	0-1183-2	Cleve Cin Chi & St Louis Ry Co. Oct 68 (11)	1-1710-2
Proctor & Gamble Co Oct 68 (8,13)	1-434-2		
Proctor & Gamble International Co. Oct 68 (11)	1-5489-2	Armstrong Cork Co Nov 68 (4,7,11)	1-2116-2
The House of Adler Inc. Oct 68 (12)	0-3112-2	Isram Corporation Oct 68 (12,13)	1-3819-2
UMC Industries Inc. Oct 68 (12)	1-4202-2	Texas Oil & Gas Corp Oct 68 (7)	1-4995-2
		Village Super Market Inc. Oct 68 (2)	0-2633-2
Central Vermont Public Service Corp. Oct 68 (7)	0-1240-2	Allied Finance Co. (Tex) Oct 68 (7,13)	0-1974-2
A.B. Chance Co. Sept 68 (7)	0-1270-2	Laboratory for Electronics Inc. Oct 68 (2,13)	1-4571-2
Southern Calif Gas Co. Oct 68 (8,11)	1-1402-2	Maul Bros Inc. Oct 68 (11,13)	1-4970-2
Dynalectron Corp. Oct 68 (4,7,13)	1-3879-2	Denver & Rio Grande Western RR Co Sept and Oct 68 (9)	1-1129-2
Kirsch Co. Oct 68 (11)	0-1786-2	Farrington Mfg Co Oct 68 (4,7,13)	0-1530-2
Morton's Shoe Stores, Inc. Oct 68 (11,13)	1-5605-2	Alfred Hart Co Oct 68 (11)	1-5136-2
		Joy Mfg Co Oct 68 (12,13)	1-3156-2
Ansul Co. Oct 68 (12)	1-4606-2	Katz Drug Co Oct 68 (7)	1-886-2
Lums Inc. Oct 68 (7,9)	0-2946-2	Lafayette Investment Inc. Oct 68 (2)	0-2449-2
North Central Airlines, Inc. Sept 68 (12,13)	1-5770-2	Monroe Auto Equipment Co Oct 68 (11,13)	1-5594-2
Tri-Dept Store Associates Aug 68 (2)	2-19771-2	Optics Technology Inc Sept 68 (11,13)	0-3220-2
Baltimore Aircoil Co Inc. Oct 68 (12,13)	0-2081-2		
Fieldcrest Mills, Inc. Oct 68 (11)	1-5137-2	Revco D. S. Inc. Amd #1 for June 68 (2,13)	1-5025-2
Pictorial Productions Inc. Oct 68 (11,13)	0-2970-2		
Rapid American Corp Oct 68 (3)	1-750-2	Coleman Cable & Wire Co Amd #1 for Aug 68 (4,7,8,13)	2-19645-2
Cities Service Co. Oct 68 (13)	1-1093-2	Pennsylvania Life Company Amd #1 For Aug 68 (4)	0-896-2
Datatab Inc. Oct 68 (11,13)	2-26065-2		
Farrel Corporation Oct 68 (11)	0-447-2	Great American Realty Corp. Amd #1 for Aug 68	1-5630-2
Gilford Instrument Laboratories Inc. Oct 68 (12)	0-2920-2		
Gulf States Utilities Co. Oct 68 (7,13)	1-2703-2	Wright Air Lines Inc. Amd #1 for Aug 68 (2)	0-3145-2
Mensch Corp. Oct 68 (9,12)	0-2883-2		
Rochester Gas & Elec Corp. Oct 68 (7,13)	1-672-2		
Soss Mfg Company (Nev) Oct 68 (7)	1-5034-2		
Falstaff Brewing Corp. Oct 68 (13)	1-950-2		
Great Northern Ry Co. Oct 68 (7,13)	1-2571-2		
Jantzen Inc. Oct 68 (4,7,12,13)	0-629-2		
Thrift Plan of Reda Pump Co. Oct 68 (7)	2-13744-2		

SECURITIES ACT REGISTRATIONS. Effective November 15: Alphanumeric, Inc., 2-26271; Cabot Corp., 2-30551; Collins Foods International, Inc., 2-30066 (90 days); The Cornelius Co., 2-29837 (40 days); Oakite Products, Inc., 2-30595; Modine Manufacturing Co., 2-30520; Storescope TV, Inc., 2-29535 (90 days); Universal Voltronics Corp., 2-30121 (90 days); Vibration Mountings and Controls, Inc., 2-30008 (90 days); Zambian Anglo American Ltd., 2-30576.

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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