

# 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

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**INSTITUTIONAL STUDY HEAD NAMED.** The SEC announced November 27 that Professor Donald E. Farrar has been designated Director of the Special Study of Institutional Investors. Dr. Farrar is a Professor of Finance at the Graduate School of Business of Columbia University. He has been granted a leave of absence by the University to take on his new duties at the end of the current semester. Congress directed the Commission to undertake this Study (Public Law 90-348) and has appropriated the funds necessary to get the project under way. The law provides for an economic study of the effect of the activity of institutions-- such as banks, insurance companies, mutual funds, pension funds, foundations and college endowments-- on the securities markets, the securities industry, the issuers of securities and the general public.

Professor Farrar was born in Seattle on December 15, 1931. He received his A.B. degree from Harvard College in 1954 and his Ph.D., in economics from the same university in 1961.

In announcing the Professor's appointment, Chairman Cohen indicated that, in line with the Congressional mandate, he is contacting heads of other Government agencies, economists, leaders in the financial community and others for the purpose of convening a meeting to discuss further the proposed study and to consider nominations for an advisory committee which will meet regularly with the study group on matters coming within the purview of the Study.

**TAYLOR SENTENCED.** The SEC Denver Regional Office announced November 25 (LR-4164) that Clyde R. Taylor, Jr., aka Reuben Taylor, of Denver, received a three-year prison sentence following his plea of guilty of one count of an indictment charging violation of the Securities Act anti-fraud provisions in the sale of stock of Mid-Continent Investors Corporation.

**NUVEEN FUND RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-5551) exempting Nuveen Tax-Exempt Bond Fund, Series 20, of Chicago, from the net worth provisions of Section 14(a) of the Act. The Fund is the 20th in a series of funds sponsored by John Nuveen & Co. The sponsor will deposit a minimum of \$10,000,000 of municipal bonds with United States Trust Company, as Trustee, and receive in exchange therefor certificates of undivided interest in the Fund, which certificates will be offered for public sale pursuant to a Securities Act registration statement.

**AMERICAN-HAWAIIAN STEAMSHIP RECEIVES ORDER.** The SEC has issued an exemption order under the Investment Company Act (Release IC-5553) permitting American-Hawaiian Steamship Company, New York investment company, to sell its holdings of 91,002 shares of stock of Glens Falls Insurance Company to Continental Insurance Company at a price of \$60 per share. The Commission found the terms of the transaction fair and reasonable and not to involve overreaching on the part of any person concerned. In granting the requested exemption from prohibitions of the Act, the Commission rejected opposition to the proposal on the part of holders of 4,830 shares (2.49%) of the outstanding stock of American-Hawaiian Steamship.

**COMMONWEALTH EDISON SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16223) giving interested persons until December 18 to request a hearing upon an application of Commonwealth Edison Company, Chicago holding company, to acquire all the common stock of Mid-Illinois Gas Company, an Illinois corporation recently organized by Edison, in exchange for certain gas and heating properties of Edison.

In December 1966, Central Illinois Electric and Gas Co. ("Central") was merged into Edison. Since the merger, Commonwealth Edison has carried on the gas utility business previously conducted by Central in Rockford, Lincoln and 68 neighboring communities and surrounding areas in Illinois. Mid-Illinois was organized by Commonwealth Edison on November 1, 1968, to acquire its gas and heating properties together with certain related inventories and other assets.

**EAU SYSTEM BORROWINGS PROPOSED.** Eastern Utilities Associates, Boston holding company, has joined with four of its subsidiaries in the filing of a proposal with the SEC under the Holding Company Act for the issuance by each of promissory notes to banks; and the Commission has issued an order (Release 35-16227) giving interested persons until December 18 to request a hearing thereon. EUA proposes to borrow \$5,200,000 and the subsidiaries an aggregate of \$20,950,000 (including open-account advances by EUA to two of the subsidiaries). The funds will be used to pay outstanding notes and/or to finance construction expenditures.

**NETHERCUTT CHEMICAL FILES FOR OFFERING AND SECONDARY.** Nethercutt Chemical, Inc., 9130 Bellanca Ave., Los Angeles, Calif. 90045, filed a registration statement (File 2-30821) with the SEC on November 25 seeking registration of 520,000 shares of common stock, of which 120,000 are to be offered for public sale by the company and 400,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by White, Weld & Co., 20 Broad St., New York, N. Y. 10005; the offering price (\$26 per share maximum\*) and underwriting terms are to be supplied by amendment.

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The company (whose name is to be changed to Merle Norman Cosmetics, Inc.) is engaged in the manufacture and distribution of "Merle Norman" cosmetics to approximately 2,100 independently-owned franchised retail outlets. Net proceeds of its sale of additional stock will be applied to the repayment of the \$2,833,333 balance of a bank loan incurred by the company for the purpose of prepaying in full its note to Merle Norman, president. In addition to indebtedness, the company has outstanding 2,716,800 common shares, of which J. B. Nethercutt, board chairman, and Dorothy S. Nethercutt, director, own 31.4% each and Jack B. Nethercutt, II, and Robert C. Nethercutt, vice presidents, 7.5% each. J. B. and Dorothy Nethercutt propose to sell 160,000 shares each of 854,200 share held each and Jack and Robert Nethercutt 40,000 each of 203,550 shares held each.

**ZIRCONIUM TECHNOLOGY PROPOSES OFFERING.** Zirconium Technology Corporation, 2120 S. Pacific Blvd. (P. O. Box 947), Albany, Oregon 97321, filed a registration statement (File 2-30835) with the SEC on November 25 seeking registration of 350,000 shares of common stock, to be offered for public sale at \$5.50 per share. The offering is to be made through underwriters headed by Black & Company, Inc., American Bank Bldg., Portland, Oregon 97205, which will receive a 66¢ per share commission. The company has granted the Black firm five-year warrants to purchase 10,500 common shares, exercisable after one-year at \$5.50 per share.

The company was organized under Oregon law in July 1968 for the purpose of manufacturing and selling small diameter seamless tubing and precision ground bar and rod of reactive and refractory metals and alloys, for nuclear electric power reactors and other uses. It expects to complete construction of its plant and to commence operations in the fourth quarter of 1969. Of the net proceeds of its stock sale, the company will use \$1,227,000 for building and equipment and the balance will be added to working capital and used for general corporate purposes. The company has outstanding 13,000 common shares (with a 42¢ per share book value), of which William W. Stephens, president, owns 94%. Upon completion of this offering, management officials as a group will own 4% of the outstanding common stock, for which they will have paid \$5,500, or 42¢ per share; public investors will hold 350,000, or 96%, for which they will have paid \$1,925,000, or \$5.50 per share.

**ALLIED FOODS FILES FOR OFFERING AND SECONDARY.** Allied Foods, Inc., 1450 Hills Place, N. W., Atlanta, Ga. 30318, filed a registration statement (File 2-30836) with the SEC on November 25 seeking registration of 300,000 shares of common stock, of which 150,000 are to be offered for public sale by the company and 150,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Loeb, Rhoades & Co., 42 Wall St., New York, N. Y. 10005, and Johnson, Lane, Space, Smith & Co., Inc., Commerce Bldg., Atlanta, Ga. 30303; the offering price (\$25 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized in August 1968 through a merger of International Meat Processors, Inc., Fabro, Inc., and Allied Food Distributors, Inc. (all under common management and control prior to the merger), the company manufactures poultry-based dog and cat foods in tonnage volume and the cans in which they are packed. It also manufactures canned and frozen foods for human consumption utilizing raw material obtained from a continuous mechanical process for deboning chicken. In addition, it buys and sells grocery items. Of the net proceeds of its sale of additional stock, the company will use \$750,000 to repay bank borrowings incurred both to prepay long-term indebtedness and to pay installments of income taxes and the balance of the proceeds over the next eighteen months for capital expansions at its Atlanta facilities. In addition to indebtedness, the company has outstanding 999,932 common shares, of which A. A. Alterman, board chairman, owns 44.2% and Bennett N. Oxman, president, 17.3%. They propose to sell 44,397 and 12,000 shares, respectively of 442,369 and 172,753 shares held, respectively. H. J. Aronstam, treasurer, 34,150 of 57,103, Business Funds, Inc. all of 44,039, and three others the remaining shares being registered.

**WITCO CHEMICAL TO SELL DEBENTURES.** Witco Chemical Corporation, 277 Park Avenue, New York, N. Y. 10017, filed a registration statement (File 2-30837) with the SEC on November 25 seeking registration of \$15,000,000 of convertible subordinated debentures, due 1993, to be offered for public sale through underwriters headed by Smith, Barney & Co., Inc., 20 Broad Street, and Goldman, Sachs & Co., 55 Broad Street, both of New York City. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company is engaged in the production and marketing of a wide range of chemical and petroleum products. Of the net proceeds of its debenture sale, \$4,500,000 will be used for the retirement of bank notes; the remainder will be added to general funds of the company and used for continuance of its capital expansion program and other general corporate purposes. William Wishnick is board chairman and Max A. Minnig is president and chief executive officer.

**TROPICANA PRODUCTS FILES FOR OFFERING AND SECONDARY.** Tropicana Products, Inc., Bradenton, Fla. 33505, filed a registration statement (File 2-30838) with the SEC on November 25 seeking registration of 550,000 shares of common stock, of which 300,000 are to be offered for public sale by the company and 250,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Eastman Dillon, Union Securities & Co., One Chase Manhattan Plaza, New York, N. Y. 10005; the offering price (\$27 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the production and sale of chilled orange and grapefruit juices, citrus drinks, carbonated and noncarbonated soft drinks and concentrated drink and sherbet bases. As by-products of its basic operation, the company produces citrus pulp cattle feed and orange oil used by others in making perfumes and extracts. Net proceeds of the company's sale of additional stock will be used, in part, to repay accounts receivable loans and first mortgage loans and the balance will be added to working capital, in part to replace working capital expended for plant and equipment and including a concentrate plant and accompanying canning facilities. In addition to indebtedness, the company has outstanding 2,000,000 common shares, of which Anthony T. Rossi, president and board chairman, owns 40% and Elena Duke Benedict 37.8%. Rossi proposes to sell 50,000 shares of 800,000 shares held and Elena Benedict 200,000 of 755,485.

**ATLANTIC COMPUTER PROPOSES OFFERING.** Atlantic Computer-Microfilming Corp., 700 South Main St., Spring Valley, N. Y., filed a registration statement (File 2-30839) with the SEC on November 25 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$6 per share. The offering is to be made by Myron A. Lomasney & Co., 67 Broad St., New York, N. Y., which will receive a 48c per share commission plus \$10,000 for expenses. The company has agreed to sell the underwriter, for \$100, six-year warrants to purchase 10,000 shares, exercisable initially (after one year) at \$6.60 per share; the company also has agreed to sell the underwriter an additional 10,000 shares at \$6 per share, payable over a five-year period.

The company was organized in October for the purpose of engaging in the business of converting computer-generated data into readable language and recording such data on microfilm. Of the net proceeds of its stock sale, \$100,000 will be used to repay loans from its parent, Atlantic Microfilm Corp.; \$500,000 for the setting up, staffing and equipping of the company's service bureaus; and the balance for working capital purposes. The company now has outstanding 230,000 common shares (with a 24c per share book value), of which Atlantic Microfilm owns 91.3%. Purchasers of the 200,000 shares being registered will acquire a 46.5% stock interest in the company at a cost of \$1,200,000; present holders will then own a 53.5% interest for which they paid \$60,000.

**MEXICO PUBLIC WORKS BANK FILES FOR OFFERING.** Banco Nacional de Obras y Servicios Publicos, S.A. (National Bank of Public Works and Services--"Bank"), Mexico 3, D.F. Mexico (or c/o John Hoyt Stookey, 445 Park Avenue, New York, N. Y. 10022), filed a registration statement (File 2-30840) with the SEC on November 25 seeking registration of \$20,000,000 of External Loan Securities, due 1974 (Bonos Hipotecarios). The securities are to be offered for public sale through White, Weld & Co., 20 Broad St., New York, N. Y. 10005 and two other firms; the interest rate, offering price and underwriting terms are to be supplied by amendment.

The Bank was organized in 1933 for the purpose of financing public works in the United Mexican States. The Federal Government of Mexico has been the major stockholder of the Bank since its creation, and as of March 26 over 97% of its outstanding stock was owned by the Federal Government and by autonomous entities controlled by the Federal Government and by the Federal District (which includes Mexico City). Net proceeds of the sale of its securities will be lent as U. S. dollar obligations to any agency of the Federal Government known as Caminos y Puentes Federales de Ingresos y Servicios Conexos (Federal Toll Highways and Bridges and Related Services) for public works approved by the Secretaria de Hacienda y Credito Publico (Ministry of Finance and Public Credit).

**GIBRALTAR DYNAMICS FUND PROPOSES OFFERING.** The Gibraltar Dynamics Fund, Inc., P. O. Box 7171, 2455 East Sunrise Blvd., Ft. Lauderdale, Fla. 33304, filed a registration statement (File 2-30841) with the SEC on November 25 seeking registration of 1,000,000 shares of common stock, to be offered for public sale at net asset value with no sales charge (\$10 per share maximum\*).

The Fund was organized in October 1968 as a nondiversified, no load, open end investment company. Gibraltar Research and Management Company will serve as investment adviser and Riter & Co. as principal underwriter. Wesley A. Stanger, Jr., is board chairman of the Fund and a director of the investment adviser and David O. Ehlers is president of the Fund and president and chairman of the investment adviser. Stanger owns 15% of the outstanding stock of the Fund and Ehlers 20%; Ehlers owns all of the outstanding Class B common stock (non-voting) and Riter & Co. all of the outstanding voting stock of the investment adviser.

**PROGRAMMING & SYSTEMS PROPOSES OFFERING.** Programming and Systems, Inc., 151 West 51st St., New York, N. Y. 10019, filed a registration statement (File 2-30842) with the SEC on November 26 seeking registration of 200,000 shares of common stock and \$5,000,000 of 4½% convertible subordinated debentures, due 1989. The securities are to be offered for public sale on a "best efforts" basis by Austin, James & Co., Inc., 15 William St., New York, N. Y.; the offering prices (\$20 per share maximum\*) and underwriting terms are to be supplied by amendment. Subject to sale of the debentures and stock, the company has agreed to issue to the underwriter five-year warrants for the purchase of 20,000 shares.

The company is said to be a diversified data processing organization with an education division engaged in training computer programmers through a nationwide network of independent franchised computer schools, a data processing division offering a variety of data processing services to the business community, an equipment division which has developed and produced patented data collection equipment and a computer leasing division. Part of the net proceeds of its financing will be used by the company to purchase an unspecified number of its outstanding shares from Raymond Breakstone, former executive vice president and director; the balance will be used for general corporate purposes. The company has outstanding 2,705,618 common shares, of which Program Management Corp., Hartsdale, N. Y. owns 22%, and Irwin Mautner, president and board chairman, 21%.

**STAR-LITE INDUSTRIES TO SELL STOCK.** Star-Lite Industries, 915 South Mateo St., Los Angeles, Calif. 90021, filed a registration statement (File 2-30843) with the SEC on November 26 seeking registration of 150,000 shares of common stock, to be offered for public sale by Shaskan & Co., Inc., 67 Broad St., New York, N. Y. 10004. The offering price (\$6 per share maximum\*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the underwriter \$10,000 for expenses and to sell it, for \$150, five-year warrants to purchase 15,000 common shares, exercisable after one year at 120% of the offering price. In addition, the company has agreed to pay \$26,000 to First Consolidated Corporation in consideration of its services as a finder.

The company is engaged in the manufacture and marketing of automobile seat covers, a line of automobile accessories including slip-on covers, comfort and cool cushions, station wagon pads, head-rests and carpets. In addition, it has developed a line of patio and pool accessories which it manufactures and intends to begin marketing in early 1969. It also distributes certain automobile accessories, which it does not manufacture, to Sears, Roebuck and Co. retail outlets in five western states. Of the net proceeds of its

stock sale, \$90,000 will be used to retire short-term bank loans incurred by the company to provide working capital, \$100,000 to expand further its Leisure Time division by expanding its inventory of patio and pool accessories, and \$100,000 to expand the company's inventory of automobile accessories distributed to Sears; the balance will be added to working capital. The company has outstanding 300,000 common shares, all owned by Morton Steinberg, president.

**RIO GRANDE INDUSTRIES PROPOSES EXCHANGE PLAN.** Rio Grande Industries, Inc., 1511 Stout St., Denver, Colo. 80217, filed a registration statement (File 2-30845) with the SEC on November 26 seeking registration of 6,356,958 shares of common stock and 1,589,240 shares of \$1.40 cumulative preferred stock, Series A. It is proposed to offer these securities in exchange for all of the outstanding shares of The Denver and Rio Grande Western Railroad Company ("Railroad") at the rate of one common share and 1/4 preferred share for each Railroad common share. The exchange offer is conditioned upon its acceptance by holders of at least 80% of the outstanding Railroad common.

Rio Grande Industries was organized in October 1968 as an inactive, wholly-owned subsidiary of Railroad for the purpose of becoming a holding company and the parent of Railroad. Under its Certificate of Incorporation, the company has broad general powers to engage in business activities and to acquire the business and properties of others. Railroad is a major operating carrier by railroad. It has non-railroad subsidiaries engaged, among other things, in bus and truck operations, industrial land development, hotel and restaurant operations, and computer services. G. B. Aydelott is president of Rio Grande Industries and Railroad and John Evans board chairman of Railroad.

**RPS PRODUCTS TO SELL STOCK.** RPS Products, Inc., 1700 South Caton Ave., Baltimore, Md. 21227, filed a registration statement (File 2-30846) with the SEC on November 26 seeking registration of 80,000 shares of common stock, to be offered for public sale through underwriters headed by Robert Garrett & Sons, Inc., Garrett Bldg., Baltimore, Md. 21203. The offering price (\$15 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company purchases and distributes a line of automotive replacement parts, accessories and equipment, domestic makes of motor vehicles, and certain replacement parts for foreign vehicles. Of the net proceeds of its stock sale, \$420,000 will be used to prepay a bank loan incurred to provide working capital, \$187,440 to prepay a note incurred in connection with the purchase of the assets of Auto Spring and Bearing Co., Inc., and \$105,000 to prepay notes incurred in connection with the purchase of the stock of Southern Parts and Bearing Co., Inc.; the balance will be added to general corporate funds and will be available for future possible acquisitions and for additional working capital. In addition to indebtedness, the company has outstanding 238,400 common shares, of which M. B. Furman, board chairman, and Ruth Furman, director, own 21.67% each and Edward F. Furman, executive vice president, and M. William Furman, president, 28.33% each.

**VIRGINIA ELECTRIC TO SELL BONDS.** Virginia Electric and Power Company, 700 East Franklin St., Richmond, Va. 23209, filed a registration statement (File 2-30847) with the SEC on November 26 seeking registration of \$85,000,000 of first and refunding mortgage bonds, due 1999, to be offered for public sale at competitive bidding. An electric utility, the company will use the net proceeds of its bond sale for construction expenses, including the retirement of an estimated \$62 million of short-term indebtedness to be outstanding at the time of the sale of the new bonds. Construction expenditures for 1968 are estimated at \$178.7 million and for 1969 at \$227.8 million.

**HER MAJESTY UNDERWEAR FILES FOR OFFERING AND SECONDARY.** Her Majesty Underwear Company, Mauldin, S. C., 29662, filed a registration statement (File 2-30849) with the SEC on November 26 seeking registration of 370,000 shares of Class A common stock, of which 70,000 are to be offered for public sale by the company and 300,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Auchincloss, Parker & Redpath, 2 Broadway, New York, N. Y. 10004; the offering price (\$16 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the design, manufacture and sale of a diversified line of apparel for toddlers and girls from six months through 14 under the name "Her Majesty," and sleepwear and robes for boys up to age eight under the name "Mr. Majesty." Net proceeds of its sale of additional stock will be added to working capital to finance the company's anticipated business growth. In addition to indebtedness, the company has outstanding 316,011 Class A and 683,989 Class B common shares. Brooks Sloan is president. Arthur Magill, board chairman, owns 92.3% of the Class A and 92.3% of the Class B common shares. He proposes to sell all his holdings of 291,663 Class A shares and Alice H. Magill all her holdings of 8,337 shares.

**TWO TRADING SUSPENSIONS CONTINUED.** The SEC has ordered the suspension of over-the-counter trading in the common stocks of Dumont Corporation and Majestic Capital Corporation for the further ten-day period December 1-10, 1968, inclusive.

**SECURITIES ACT REGISTRATIONS.** Effective November 27: American Western Life Insurance Company, 2-28679 (90 days); Bartell Media Corporation, 2-30030 (Jan. 6); Control Data Corp., 2-30412; The Diamond State Telephone Co., 2-30704; Great-West Variable Annuity Account A, 2-29033; Kalvar Corp., 2-29954 (40 days); Litton Industries, Inc., 2-30797; Lone Star Gas Co., 2-30633; MGIC Investment Corp., 2-30505 (40 days); National Institute of Computer Professions, Inc., 2-29950 (90 days); New York Sugar Industries, Inc., 2-30445 (40 days); The Offshore Co., 2-30766; Southwestern States Gas Co., 2-29949 (90 days); Tampa Electric Co., 2-30575; Techninvest Fund, 2-29560; Tele-Tape Productions, Inc., 2-30358 (40 days); Lehigh Valley Industries, Inc., 2-30525 (40 days); Visual Electronics Corp., 2-29357 (40 days); White Eagle International, Inc., 2-29961 (40 days). Withdrawn November 25: United International Corp., 2-28004.

**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.