

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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(Issue No. 70-148)

FOR RELEASE July 31, 1970

DECISIONS IN ADMINISTRATIVE PROCEEDINGS

PARTIAL REVIEW OF EXAMINER'S "TIPPEES" DECISION ORDERED. The SEC today ordered review of certain of the legal issues involved in the initial decision of Hearing Examiner Warren E. Blair in administrative proceeding under the Securities Exchange Act concerning transactions in Douglas Aircraft stock. (News Digest of June 30, 1970 contains a summary of the initial decision.) In the aforementioned proceedings, the hearing examiner ordered censure of various of the respondents, who he found had received inside information, for violations of the antifraud provisions of the Federal securities laws, and dismissed or discontinued the proceedings as to other respondents.

None of the parties had petitioned for review of the initial decision and the Commission considered that there was not sufficient reason to order review on its own initiative with respect to the examiner's factual findings and inferences, or the adequacy of the sanctions of censure which he imposed on those respondents who he found had violated the antifraud provisions, nor with respect to his findings of dismissal or discontinuance. The Commission did determine, however that it was appropriate that it review the legal issues relating to such violations.

The Commission further stated that such determination did not necessarily imply that it disagreed with the hearing examiner's opinion, but was based on the fact that the legal issues raised respecting the obligation of "tippees" were important matters of first impression having significant implications which warranted the Commission's consideration and expression of views following opportunity for the submission of briefs and oral argument. (Release 34-8947)

VERMONT YANKEE AND MAINE YANKEE RECEIVE ORDER. The SEC has announced a decision under the Holding Company Act (Release 35-16794) in which it approved the amended applications of Vermont Yankee Nuclear Power Corporation ("Vermont Yankee"), Maine Yankee Atomic Power Company ("Maine Yankee") and of their respective sponsor companies relating to the sale of common stock by Vermont Yankee and Maine Yankee and the acquisition thereof by the respective sponsors. Vermont Yankee and Maine Yankee were each incorporated in 1966 to construct, own and operate a nuclear-fueled electric generating plant to supply low-cost electric energy to their respective New England utility company sponsors. Under amended proposals, submitted by the sponsors of Vermont Yankee and Maine Yankee subsequent to the decision of the Court of Appeals for the District of Columbia Circuit reversing this Commission's previous decisions with respect to antitrust issues raised under Section 10(b)(1) of the Holding Company Act (Releases 35-15958 and 35-16006), all non-sponsor electric utility companies in the New England region will be provided an opportunity to participate in the power output of the Maine Yankee and Vermont Yankee nuclear generating plants. The amended proposals also provide to non-sponsors auxiliary services such as transmission and reserve generation. The Commission held that the question under Section 10(b)(1) "as to whether there would exist a tendency towards concentration of control of public utility companies" was predicated upon the lack of adequate opportunity to obtain the low cost power at its source." The Commission found that "the amended proposals afford an opportunity to non-sponsors to obtain low cost power at its source, and we consider that the terms of the proposals, as amended, resolve the issues raised under Section 10(b)(1)."

INVESTMENT COMPANY ACT RELEASES

FIRST ARBITRAGE FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6145) declaring that First Arbitrage Fund of America, Inc., has ceased to be an investment company.

EMERGING STOCK GROWTH FUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6146) declaring that Emerging Stock Growth Fund, Inc. has ceased to be an investment company.

CAL-WESTERN ACCOUNT A RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6147) exempting California-Western State Life Insurance Company ("Cal-West") and Cal-Western Separate Account A ("Separate Account"), Sacramento, Calif., from the provisions of Section 22(d) of the Act so that sales and administrative expense charges may be eliminated in the sale of certain variable annuity contracts. Cal-West established Separate Account as the facility through which it sets aside and invests assets attributable to variable annuity contracts issued to persons who qualify for certain tax deferred benefits under Sections 401 and 403(b) of the Internal Revenue Code ("Code"). Cal West and Separate Account propose to eliminate the sales and administrative charges in the sale of variable annuity contracts in cases where either group or individual variable annuity contracts are purchased by application of proceeds (e.g., maturity values, cash surrender values) payable by Cal-West under insurance policies or fixed dollar annuity contracts which were issued to fund retirement plans under Section 401 and 403(b) of the Code. Purchase of variable annuity contracts by the application of such proceeds would be permitted only once a year.

OVER

LEXINGTON RESEARCH FUND SEEKS ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6148) giving interested persons until August 20 to request a hearing upon an application of Lexington Research Fund, Inc., New Jersey mutual fund, and Piedmont Capital Corporation ("Distributor") of New Jersey, for exemption from Section 22(d) of the Act of certain transactions with respect to the sale of Fund shares in West Germany. Fund shares are currently offered in the United States and foreign countries, on a continuous basis at net asset value plus varying sales charges depending on the amount being purchased. Fund shares are also the underlying security for Lexington Research Investing Plans ("LRIP"), a unit investment trust, of which Distributor is the sponsor. Since the initial offering of LRIP in 1960, the maximum amount deducted as sales charges from the first year's payments has been 50%. To comply with a recently enacted West German law, applicants propose to reduce the sales charge on first year payments on all LRIP's systematic capital accumulation programs sold in West Germany to non-United States citizens & residents to an amount that would not exceed 1/3 of the first year's payments. The aggregate sales charges over the full period of the plans sold in Germany would continue to be the same as that over the full period of plans sold in the United States. All Fund share sales in Germany would be made through Piedmont International Ltd., an affiliate of Distributor.

ENGELHARD HANOVIA RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-6150) declaring that Engelhard Hanovia, Inc., New York, is primarily engaged, through a controlled company, in a business other than that of investing, reinvesting, owning, holding or trading in securities.

COURT ENFORCEMENT ACTIONS

J. J. WHITE NAMED IN SEC ACTION. The SEC Chicago Regional Office announced July 24 the filing of a complaint in the Federal court in Chicago seeking to enjoin violations of the anti-fraud provisions of the Federal securities laws by James J. White of Kenilworth, Ill., in the purchase and sale of stock of Telex Corporation. (LR-4698)

COMPLAINT NAMES ILLINOIS CAPITAL INVESTMENT CORP., OTHERS. The SEC announced July 27 (LR-4698) the filing of a complaint in the Federal court in Chicago seeking to enjoin violations of various Federal securities laws by the following: Illinois Capital Investment Corporation ("I.C.I.C."), Irving Berlin, president; Davie Kravitz, vice-president; National Institutional Developers, Inc., an Illinois Corporation formed by Berlin and Kravitz in 1964; Gerald Lipsky, a Beverly Hills, Calif. attorney; and Mullaney, Wells & Co., a Chicago, Ill. broker-dealer corporation, whose president, Paul L. Mullaney, is a director of I.C.I.C. The complaint also seeks an order barring Irving Berlin from acting in the future as an officer or director of I.C.I.C. or of any other registered investment company and the appointment of a receiver for I.C.I.C.

SECURITIES ACT REGISTRATIONS

MEDICHEK PROPOSES OFFERING. Medichek Inc., 523 Hollywood Ave., Cherry Hill, N. J. 08034, filed a registration statement (File 2-38054) with the SEC on July 29 seeking registration of 200,000 shares of common stock, and 200,000 common stock purchase warrants to be offered for public sale in units, each consisting of one share and one warrant, and at \$5 per unit. The offering is to be made through underwriters headed by L. C. Wegard & Co., Inc., U. S. Highway 130 & Levitt Parkway, Willingboro, N.J. 08046, which will receive a 50¢ per unit commission plus \$25,000 for expenses. The company has agreed to sell the Wegard firm, for \$200, five-year warrants to purchase 20,000 shares, exercisable after one year at \$5 per share.

Organized in June 1969, the company operates a Multiphasic Health Testing Center wherein it tests and collects, through the use of automated equipment, para medical, medical and allied personnel, historical information regarding an individual's health and current physical and biological data. Of the net proceeds of the company's stock sale, \$300,000 will be allocated to its proposed expansion and the balance will be used for general working capital purposes. In addition to indebtedness, the company has outstanding 1,028,334 common shares, of which Robert L. Breckenridge, president, owns 23.2% and management officials as a group 98.3%. Purchasers of the shares being registered will acquire a 16.3% stock interest in the company for their investment of \$1,000,000 (they will sustain an immediate dilution of \$4.33 in per share book value from the offering price); present shareholders will then own 83.7%, for which they will have paid \$197,046 or 19¢ per share.

BENETAX COMPUTER TO SELL STOCK. Benetax Computer Corporation, 26 Court St., Brooklyn, N. Y. 11201, filed a registration statement (File 2-38055) with the SEC on July 29 seeking registration of 95,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made on a "best efforts, all or none" basis by Anametrics Securities, Inc., 299 Park Ave., New York, which will receive a 50¢ per share selling commission plus \$15,000 for expenses. The company has agreed to issue, without cost, to the underwriter and to Matthew Wallis, a finder, six-year warrants to purchase 4,750 shares each, exercisable after one year at \$5.50 per share.

Organized in November 1969, the company is engaged primarily in utilizing computer programs and techniques to process income tax returns. Of the net proceeds of its stock sale, \$85,000 will be used to expand existing computer tax programs to process additional tax return schedules and to update existing programs to accommodate changes under the 1969 Tax Reform Act and \$85,000 for marketing, advertising and promotion; the balance will be added to the company's general funds for working capital and other corporate purposes. The company has outstanding 170,000 common shares, of which Isidore A. Katz, board chairman, and Michael S. Singer, president, own 20% each and management officials as a group 79%. Purchasers of the shares being registered will acquire a 36% stock interest in the company for their investment of \$475,000; company officials will then own 50%, for which they paid \$1,000 and seven shareholders will own 14%, for which they paid an average of \$2.52 per share.

INEXCO MINING PROPOSES OFFERING. Inexco Mining Company (the "general partner"), 308 Lincoln Tower Bldg., Denver, Colo. 80203, filed a registration statement (File 2-38056) with the SEC on July 29 seeking registration of \$10,000,000 of limited partnership interests in Inexco Mining Fund, Ltd. (the "Partnership"), to be offered for public sale at \$1,000 per unit (with a minimum subscription of \$5,000). The Partnership is to be formed to search and explore for minerals other than crude oil and natural gas and to exploit any mineral deposits found. No underwriting is involved; participating NASD members will receive a 7% selling commission. Inexco Oil Company owns all the outstanding common stock of the general partner. Erving Wolf is president and board chairman of the general partner.

MISCELLANEOUS

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 (in ordering, please give month and year of report). 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 June 2 News Digest.

8K's for May 1970

Communications Satellite Corp(11, 13)	1-4929-2	Omega Equities Corp(2,13)	0-188-2
Cone Mills Corp(8)	1-3634-2	Ross Medical Corp(7,11)	0-4598-2
Day Mines Inc(11)	1-3459-2	Savannah Sugar Refining Corp (8)	0-922-2
Equitable Gas Co(7,13)	1-3551-2	Sprague Electric Co Apr 70(11)	1-5301-2
General Shale Products Corp(11, 13)	0-1139-2	Tubos De Acero De Mexico SA 6K for Dec 69	1-4870-2
Hazeltine Corp(7,13)	1-230-2	American Investment Co(13)	1-2335-2
Holly Resources Corp(13)	1-4343-2	First Northwest Industries of America Inc (1)	0-3986-2
Knott Hotels Corp(11)	1-1208-2	Great Plains Natural Gas Co Apr 70 (11)	0-2605-2
National Tape Corp Dec 69(1,2,7,13) 2-30319-2		Hamilton Watch Co(11)	1-181-2
Northwestern Bell Tel Co(11)	1-3501-2	Mareight Corp Feb 70(11,13)	2-12441-2
Wells Fargo & Co Apr 70(12)	1-6214-2	Marine Midland Banks Inc(13)	1-2940-2
Aluminum Co of America(7,13)	1-3610-2	National Apparel Corp(11)	0-4743-2
Bates Mfg Co Inc(11)	1-3188-2	Nationwide Corp(11)	0-866-2
Bliss & Laughlin Ind Inc(11, 13)	1-2321-2	Reynolds Metals Co(7,13)	1-1430-2
Foto Mem Inc(12)	0-3879-2	Union Camp Corp(12)	1-4001-2
Heck's Inc(4,13)	1-6096-2	Unitrode Corp(11,13)	1-5609-2
Jensen Industries(7)	2-32369-2	Vacu-Blast Corp(11,13)	0-3813-2
Kaiser Industries Corp(11)	1-3340-2	Dynalectron Corp(11)	1-3879-2
Kaiser Steel Corp(8)	0-433-2	Electronic Research Associates Inc (2,13)	1-4373-2
Max Factor & Co(11,13)	1-3875-2	Essex Systems Co Inc(3,13)	0-3046-2
Michigan General Corp(7,13)	1-6167-2	Hitachi Ltd 6K for May 70	2-21475-2
Moore Products Co(11)	0-545-2	Marshall Electronics Co(7,12, 13)	0-4060-2
Northgate Exploration Ltd(1, 11)	1-6138-2	Nantucket Industries Inc Apr 70 (2,7,9,13)	2-33459-2
Outlet Co(11,13)	1-1209-2	Norlin Corp(6K) May 70	1-6139-2
Oxford First Corp(11)	1-6014-2	Real Eight Co Inc Nov 69(7,13)	1-5504-2
Sonesta International Hotels Corp (11)	1-3466-2	United Refining Co(11,13)	1-6198-2
Bowl America Inc(12,13)	0-1830-2	American International Development Corp (11,13)	0-3427-2
Dickson Electronics Corp(12)	0-2701-2	American Micro-Systems Inc(3)	2-30452-2
Diverco Inc(11,13)	2-16478-2	Clark Equipment Co(13)	1-5646-2
Flexible Circuits Inc(11)	0-4548-2	Clark Equipment Overseas Finance Corp (7)	1-5220-2
Franklin Mint Inc(11,13)	1-5334-2	Dibrell Brothers Inc(4,7,9,13)	0-2912-2
Galaxy Oil Co(3)	0-4130-2	First Financial Corp(7)	0-3740-2
Guardian Industries Corp(11)	1-6037-2	Globe Industries Inc(11,12,13)	0-4425-2
Hamilton Brothers Petroleum Corp (11)	1-6404-2	Graham Mfg Co Inc(4,11,13)	0-3663-2
Hughes & Hatcher Inc(13)	1-3387-2	Gulf Life Holding Co(11,13)	1-6091-2
Investment Life and Trust Co(11)	2-12644-2	Gulf Resources & Chemical Corp (11,13)	1-4815-2
Lionel Corp(4,11)	1-3197-2	Hartford Fire Insur Co(12,13)	2-2615-2
Mid-Continent Tel Corp Apr 70 (7,11,13)	1-4996-2		
Northwest Plastics Inc(11,13)	0-2458-2		

SK's for May 1970 (Cont'd)

E F Johnson Co(11,13)	0-316-2	Resort Car Rental System Inc	
Kleer-Vu Industries Inc(11,13)	1-4522-2	(11)	0-4824-2
L'Aiglon Apparel Inc(12)	1-3947-2	Western Casualty and Surety Co	
Lee Enterprises Inc(2,13)	1-6227-2	(11)	2-10624-2
Louisiana Power & Light Co(7,11,13)	0-1236-2	Williamette Industries Inc	
Mangood Corp(11)	1-5727-2	(11,13)	0-3730-2
Marathon Oil Co(7,11,13)	1-451-2	BMA Corporation(11,13)	0-3049-2
New Orleans Public Service Inc		Black Angus Franchise System Inc	
(11)	1-3259-2	(11,13)	0-4571-2
Pepsico Inc(11)	1-1183-2	Chatham Corp(Apr 70(11,13) & May 70(8)	0-1540-2
Andrea Radio Corp(11)	1-4324-2	Driver Harris Co Jun 70(11)	1-1212-2
Aydin Corp(12)	0-4773-2	Equity National Industries Inc	
Canadian Javelin Ltd(Apr 70(2,3,7,12,13)	1-4192-2	(2,7,9,12,13)	0-3842-2
Defensive Instruments Inc(3)2-30773-2		Homestead Minerals Corp(1)	0-4055-2
Elcor Chemical Corp(7,9,12,13)1-5341-2		Walter Kidde & Co Inc (11,12,13)	1-5694-2
General Medical Corp(2,13)	0-3197-2	Lane Bryant Inc(11,13)	1-598-2
Glen Alden Corp(11,12)	1-5448-2	Loral Corp(12,13)	1-4238-2
Geon Industries Inc(Mar 70(7) & May 70(11)	2-32201-2	Mendon Leasing Corp(11)	2-31151-2
Great Equity Life Insur Co(11)2-15668-2		Monmouth Park Jockey Club(11)	0-295-2
Interlake Inc(2,13)	1-6345-2	Republic Mortgage Investors	
Lin Tso Corp Feb 70(2,9,12,13)2-27957-2		(11)	1-6308-2
Paul Mueller Co(11)	0-4791-2	Suburban Propane Gas Corp Mar 70	
National Securities Inc Nov 69(8)	0-1105-2	(3)	1-4401-2
Nylon Engineering Inc(7,13)	0-3569-2	Bankers Investment Corp(11,12)	0-1317-2
Ohio Edison Co(7,13)	1-2578-2	Becton Dickinson & Co(3)	1-4802-2
Richford Industries Inc(11,13)1-5455-2		Diversified Financial Corp(2,3,7)	0-1710-2
Skelly Oil Co(12)	1-2380-2	Fairchild Camera & Instrument Corp	
Tensor Corp(11)	1-5270-2	(11)	1-1214-2
U S Plywood-Champion Papers Inc		Fidelity National Corp(3,7,13)	0-2933-2
(11,13)	1-3053-2	General Telephone Co of Upstate NY Inc	
ESB Inc(12)	1-5427-2	(12)	2-34622-2
Empire District Elec Co(7,13)1-3368-2		Georgia International Corp(11)	1-5768-2
Evans Products Co(4,10,11,13)1-542-2		Harwood Companies Inc(11)	1-6221-2
First Pacific Corp(12,13)	0-3607-2	Havatampa Cigar Corp(11)	0-2486-2
Florida East Coast RY Co(11,13)1-2100-2		Hico Corp of America(11,13)	1-5449-2
Gifford-Hill & Co Inc(3,12,13)0-4213-2		International Investment Co Inc	
Glen Gery Corp(11,13)	1-5010-2	(12,13)	0-2053-2
Her Majesty Industries Inc		Jonathan Logan Inc(11)	1-4276-2
(12,13)	1-6013-2	Mapco Inc(11,13)	1-5254-2
Independence Lead Mines Co(11)1-316-2		Mississippi River Corp(12,13)	1-3599-2
Kysor Industrial Corp(12)	1-6378-2	Missouri Pacific RR Co	1-2139-2
Marine Corp(11,12,13)	0-990-2	Nachman Corp(2,13)	1-1492-2
Marion Corp(11,12)	0-1417-2	Northern States Power Co(11,13)	1-3034-2
		Beech Creek RR Co(11)	1-1549-2

SECURITIES ACT REGISTRATIONS. Effective July 30: Avco Community Developers, Inc., 2-35516 (90 days); American Medical Enterprises, Inc., 2-29194; American Medical Enterprises, Inc., 2-36461 (40 days); Cogar Corp., 2-37915; Data-Control Systems, Inc., 2-36717; Data Products Corp., 2-37726 and Data Products Corp., 2-37727; Eldorado Electrodata Corp., 2-36134 (90 days); Georgia-Pacific Corp., 2-37641; Martingham Inn, Inc., 2-36204 (90 days); National Fuel Gas Co., 2-37950; Northern Natural Gas Co., 2-37755; Oppenheimer Management Corp., 2-34593; Penwalt Corp., 2-37302; Ulster Exploration and Development Program-1970, 2-36578 (90 days); Youngstown Sheet and Tube Co., 2-37964 (40 days).

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.