

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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SEC COMPLAINT CITES NINETEEN. The SEC announced February 13 (LR-4231) the filing of a complaint in the U. S. District Court in New York seeking to enjoin the following from violating the anti-fraud provisions of the Federal securities laws by engaging in and aiding and abetting the secret personal trading of government securities by certain of the defendant government bond traders: Andrew B. Dott, Roland F. Burns, Thomas D. Ledwith, Peter A. Leonard, Edward L. Madden, Jr., Paul A. Leonard, James J. Kelly, Malon S. Andrus, Malon S. Andrus, Inc., Marine Midland Grace Trust Company ("Trust Company), George J. Wunach, John G. Beutel, Sam J. Rutberg, Charles McG. Baxter, Jr., Horace E. Hoffman, Ronald F. Peterson, H. E. Hoffman & Co., Inc. and Baxter & Company. The first ten named defendants (Dott through Trust Company) consented to a court order of permanent injunction, but without admitting the allegations of the complaint. The Trust Company was charged only in Count I of the complaint, based upon the activities of its former assistant vice-president, Thomas D. Ledwith; the complaint did not charge that any other officer or employee of the Bank participated in or had knowledge of the violations charged. In consenting to the injunction, Peter A. Leonard, Edward L. Madden, Jr., Paul A. Leonard, and James J. Kelly stated that they had voluntarily ceased trading government securities for their personal accounts, as charged in the Complaint, at a time prior to the commencement of the Commission's investigation in this matter.

GPU SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16288) giving interested persons until March 4 to request a hearing upon an application of General Public Utilities Corporation, New York holding company, to increase the amount of promissory notes it may issue and sell to banks from the \$75,000,000 authorized by the Commission on February 29, 1968 (Release 35-15987) to \$100,000,000 (including \$75,000,000 of commercial paper). GPU intends to use the funds for (a) additional investments in its subsidiaries and/or to reimburse its treasury for funds expended therefrom for such investments subsequent to December 31, 1966, and (b) the refunding of its borrowings from banks. Construction expenditures for the GPU system in 1968 and 1969 are estimated at \$205,400,000 and \$235,000,000, respectively.

MITSUI SEEKS ORDER. Mitsui & Co. Ltd. (Mitsui Bussan Kabushiki Kaisha), of New York City, has filed an application with the SEC pursuant to provisions of the Trust Indenture Act of 1939 with respect to First National City Bank serving as trustee under two certain indentures; and the Commission has issued an order giving interested persons until March 7, 1969, to request a hearing thereon.

According to the application, Mitsui had outstanding as of September 30, 1968, \$9,150,000 principal amount of 6-3/8% convertible sinking fund debentures, due 1978, issued under a 1963 indenture between the company and the Bank (which indenture was qualified under the Act); and in December 1968 the Bank entered into a new indenture with the company pursuant to which the company issued \$15,000,000 of convertible sinking fund debentures, due 1983 (which indenture is not being qualified). These latter debentures are being offered and sold outside the United States to persons who are not nationals or residents thereof.

In its application, Mitsui seeks a determination by the Commission that trusteeship by the Bank under the two indentures is not so likely to involve a material conflict of interest as to make it necessary in the public interest or for the protection of investors to disqualify the Bank from serving as indenture trustee.

HOLIDAY INNS SHARES IN REGISTRATION. Holiday Inns of America, Inc., 3742 Lamar Ave., Memphis, Tenn. 38118, filed a registration statement (File 2-31653) with the SEC on February 6 seeking registration of 357,731 shares of Stock Dividend Convertible Special Stock, Series A (each share convertible into 3/4 of a common share) and 447,162 shares of common stock. These securities are part of 1,837,827 common shares and 1,470,261 Series A shares to be issued in connection with the acquisition of TCO Industries, Inc., to be effected in February 1969. The recipients thereof may offer such shares for sale from time to time at prices current at the time of sale (\$65 per Series A share and \$80 per common share maximum*). American Express Company may sell 97,248 Series A and 121,560 common shares, MEMCO Corp. 68,691 Series A and 85,864 common shares, Claude A. Jessup 52,316 Series A and 65,395 common shares and 23 others the remaining shares being registered.

SMITH INDUSTRIES FILES FOR OFFERING AND SECONDARY. Smith Industries International, Inc., 13215 East Penn St., Whittier, Calif. 90602, filed a registration statement (File 2-31691) with the SEC on February 11 seeking registration of 470,000 shares of common stock, of which 300,000 are to be offered for public sale by the company and 170,000 (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 10005; the offering price (\$33.50 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the development, production and marketing of drill bits used in oil and gas well drilling, and a broad range of tools and machinery used in earth drilling and boring, such as in oil, gas and water well drilling, in certain mining and construction applications, and in subterranean tunneling.

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It also furnishes technical services to the oil well drilling industry. Of the net proceeds of its sale of additional stock, \$7,000,000 will be applied to the payment of short-term bank loans incurred for increased working capital needs and capital expenditures; the balance will be used for capital expenditures, principally for machinery and equipment, estimated to aggregate \$5,000,000 during the remainder of 1969. In addition to indebtedness, the company has outstanding 2,759,932 common shares, of which management officials as a group own 26.7%. Robert L. Flynn is board chairman and Donald E. Graham president. The Estate of Herman C. Smith (founder of the company) proposes to sell 27,000 shares of 147,024 shares held and 27 others the remaining shares being registered.

FIRST HOLDING CO. FILES EXCHANGE PLAN. First Holding Company, Inc., 831 N. Grand Ave., Waukesha, Wisc., filed a registration statement (File 2-31692) with the SEC on February 11 seeking registration of 27,000 shares of common stock. It is proposed to offer this stock in exchange for all of the outstanding capital stock of New Berlin State Bank, at a 2.7 for 1 ratio of exchange. Effectiveness of the exchange offer is contingent upon acceptance by holders of at least 80% of Bank stock.

Organized under Wisconsin law in January 1967 as a bank holding company, the company now controls 99.03% of the outstanding common stock of the First National Bank of Waukesha and 96.97% of the outstanding common stock of The First National Bank in Wauwatosa. It has outstanding 306,907 common shares. Henry F. W. Furlong is board chairman and W. A. Kummrow president.

DIAGNOSTIC DATA PROPOSES RIGHTS OFFERING. Diagnostic Data, Inc., 849 Charleston Road, Palo Alto, Calif. 94303, filed a registration statement (File 2-31693) with the SEC on February 11 seeking registration of 433,417 shares of common stock, to be offered for subscription by stockholders at the rate of one share for each 2.25 shares held, and at \$5 per share. The offering is to be made through First California Company, 300 Montgomery St., San Francisco, Calif., which will receive a \$0.125 to \$0.375 per share commission plus \$15,000 for expenses.

Organized under California law in October 1965 as surviving corporation of a merger with Beta Laboratories, Inc., the company is engaged in research and development of protein and other products which may prove useful in the maintenance of health and the treatment of disease. Of the net proceeds of its stock sale, \$269,000 will be used for general and administrative expenses, \$100,000 for advertising and promotion expenses, \$378,000 for research and development and \$1,997,000 for clinical and pharmacological tests to be performed by others under contract; the balance will be added to the company's general funds and used for working capital. The company has outstanding 974,976 common shares, of which management officials as a group own 48%. William W. Eitel is board chairman and Monroe G. Smith president.

E Z PAINTS FILES FOR OFFERING AND SECONDARY. E Z Paints, 4051 South Iowa Ave., Milwaukee, Wisc. 53207 filed a registration statement (File 2-31694) with the SEC on February 11 seeking registration of 200,000 shares of common stock, of which 120,000 are to be offered for public sale by the company and 80,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Kidder, Peabody & Co. Inc., 20 Exchange Pl., New York 10005; the offering price (\$25 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the manufacture of paint rollers, paint roller covers, flat paint applicators, paint trays and related paint application accessories. Net proceeds of the company's sale of additional stock will be added to its working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 646,128 common shares, of which Arnold W. Schmidt, president of the Norwood Division, owns 18.22%, Lorraine Touchett Fink 10.13% and management officials as a group 38.50%. Robert L. Touchett is president. Schmidt proposes to sell 28,000 shares of 116,454 shares held and 17 others the remaining shares being registered.

AMERICAN URBAN DEVELOPMENT TO SELL STOCK. American Urban Development Corporation, 7590 N.E. 4th Ave., Miami, Fla., filed a registration statement (File 2-31695) with the SEC on February 11 seeking registration of 60,000 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 through Harros, Lane & Deam, Inc., 501 Dupont Plaza Center, Miami, Fla., which will receive a 50¢ per share commission plus \$9,000 for expenses.

Organized under Florida law in December 1965 under the name of Universal Remodeling System, Inc., the company is engaged in the business of remodeling, redesigning and enlarging existing residential structures. Net proceeds of its stock sale will be used for general corporate purposes. The company has outstanding 90,000 common shares (with an 85¢ per share book value), of which Morris Marder, president, owns 46.4%, Jack Friedman, secretary-treasurer, 33.4% and management officials as a group 84.7%. Upon completion of this offering, the present stockholders will own 60% of the outstanding common stock, which had a book value of \$76,216 at November 30, and the purchasers of the shares being registered will own 40%, for which they will have paid \$300,000.

DYNAMIC TYPING PROPOSES OFFERING. Dynamic Typing, Inc., 665 National Press Bldg., Washington, D. C. 20005, filed a registration statement (File 2-31696) with the SEC on February 11 seeking registration of 250,000 shares of common stock, to be offered for public sale at \$4 per share. The offering is to be made through Charles Plohn & Co., 200 Park Ave., New York, which will receive a 40¢ per share commission plus \$13,500 for expenses. On December 30, the company sold the underwriter 25,000 common shares (non-transferable for one year) at 25¢ per share, of which 10¢ per share has been paid and the balance of 15¢ per share will be paid on consummation of the offering. The company has agreed to pay \$5,000 to Salvator DeBiase (a registered representative of the underwriter) as a finder's fee.

Organized under District of Columbia law in September 1968, the company proposes to engage in the business of teaching typing through the use of audio visual equipment. The system was developed by Jehuda Ben-Jehuda (president of the company) and transferred to the company, together with all of Ben-Jehuda's right, title and interest in the typing center which he has operated in the District of Columbia, in exchange for 47,500 shares of common stock. Of the net proceeds of its stock sale, \$180,000 will be used by the company for the development, promotion and establishment of a leasing program for the audio visual system, \$300,000 to be applied to the organization and development of learning centers in additional cities, \$150,000 for the development of improvements in the audio visual system and \$80,000 to repay existing indebtedness; the balance will be added to the company's general funds and used as working capital. The company has outstanding 115,000 common shares (with a 33¢ per share negative book value), of which Ben-Jehuda owns 41.3%, the underwriter 21.7% and management officials as a group 52.5%. Upon completion of this offering, purchasers of the shares being registered will incur an immediate dilution in book value of \$1.78 per share from the public offering price and will have contributed \$1,000,000 for a 68% stock interest in the company. The present shareholders paid in cash or services \$38,550 and transferred assets subject to liabilities (with a \$39,899 negative net worth) to the company for their 32% stock interest in the company.

DAYTON POWER & LIGHT TO SELL PREFERRED STOCK. The Dayton Power and Light Company, 25 North Main St., Dayton, Ohio 45401, filed a registration statement (File 2-31697) with the SEC on February 11 seeking registration of 150,000 shares of cumulative preferred stock, Series D (\$100 par), to be offered for public sale at competitive bidding. The company will add the net proceeds of its stock sale to its general funds, to be used to pay a portion of its outstanding short-term indebtedness (expected to aggregate approximately \$34,000,000 as of March 14). Proceeds of such short-term indebtedness were used for construction purposes.

SORG PRINTING FILES FOR OFFERING AND SECONDARY. Sorg Printing Company Incorporated, 80 South St., New York 10038, filed a registration statement (File 2-31698) with the SEC on February 11 seeking registration of 195,000 shares of common stock, of which 30,000 are to be offered for public sale by the company and 165,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Kuhn, Loeb & Co., 40 Wall St., New York 10005; the offering price (\$27 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is principally engaged in the printing of registration statements, prospectuses, offering circulars and other documents pertaining to financings, and the printing of annual and interim reports and proxy material. Net proceeds of its sale of additional stock will be added to working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 808,200 common shares, of which Robert L. Sorg, board chairman, owns 17.20%, Hermance Sorg Evans 17.67% and management officials as a group 30.31%. Gilbert B. Sorg is president. Hermance S. Evans proposes to sell 34,000 of 136,620 shares held, Robert Sorg 33,000 of 133,020, Francis J. Sorg 29,000 of 105,165 and seven others the remaining shares being registered.

MOORE'S SEAFOOD PRODUCTS FILES FOR OFFERING AND SECONDARY. Moore's Seafood Products, Inc., Fort Atkinson, Wisc. 53538, filed a registration statement (File 2-31699) with the SEC on February 12 seeking registration of 112,498 shares of common stock, of which 62,500 are to be offered for public sale by the company and 49,998 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by The Marshall Company, Inc., 111 East Wisconsin Ave., Milwaukee, Wisc. 53202; the offering price (\$12 per share maximum*) and underwriting terms are to be supplied by amendment.

The company is engaged in the processing and distribution of premium quality breaded onion rings and seafoods as frozen convenience foods for the food service industry. Of the net proceeds of its sale of additional stock, \$300,000 will be used to equip a new processing plant and the balance will be added to the company's general funds and used as working capital to finance increased accounts receivable and inventories resulting from the increasing volume of sales of the company. In addition to indebtedness, the company has outstanding 305,200 common shares of which Scott Moore, president, and Samuel T. Moore, vice president, own 37.4% each and Capital Investments, Inc., 25.2%; each proposes to sell 16,666 shares of 120,400, 120,400 and 81,066 shares held, respectively.

APPLIED SYNTHETICS ENJOINED. The SEC New York Regional Office announced February 11 (LR-4232) that the U. S. District Court in New York City had issued an order permanently enjoining Applied Synthetics Corporation, of Washington Park, Ill., from violating the Securities Act registration and anti-fraud provisions in the sale of its stock, and from violating the listing requirements of the Securities Exchange Act. The defendant consented to the court order.

C W ARCHIBALD ENJOINED. The SEC New York Regional Office announced February 11 (LR-4233) that the U. S. District Court in New York City had permanently enjoined Charles W. Archibald, of Toronto, Canada, from violations of the anti-fraud provisions of the Federal securities laws in connection with trading in the common stock of Pascor Oils, Ltd. Archibald consented to the court order without admitting or denying the allegations of the Commission's complaint. Other defendants in the action previously were enjoined.

NEBRASKA FOUNDATION FILES UNDERTAKING. The SEC Denver Regional Office announced February 12 (LR-4234) that Nebraska Foundation, Inc., a Nebraska corporation, Rufus Willard (Buck) Harris of Oklahoma City and Omaha and Casper (Wyo.) had filed a stipulation with the U. S. District Court for the District of Wyoming whereby, without admitting the allegations of an SEC complaint charging violations of the Securities Act in the sale of Nebraska Foundation stock, agreed not to violate the Securities Act registration requirements in the sale of such stock and not to make false and misleading statements in the future offer and sale of such stock.

TRADING SUSPENSIONS CONTINUED. The SEC has ordered the further suspension of over-the-counter trading in the securities of Comstock-Keystone Mining Company (n/k/a Memory Magnetics International, Inc.), Dyna Ray Corporation, Mooney Aircraft, Inc., and United Australian Oil, Inc., for the ten-day period Feb. 15-24, 1969, inclusive, and in the securities of Crestline Uranium & Mining Company, Electrogen Industries, Inc. (formerly Jodnar Industries, Inc., and sometimes known as American Lima Corporation) and Norsul Oil & Mining Ltd., for the ten-day period February 16-25, 1969, inclusive.

NORSUL OIL TRADING BAN TO BE LIFTED. The SEC today announced the over-the-counter trading in the common stock of Norsul Oil & Mining Ltd. ("Norsul"), a Canadian corporation with offices in Calgary, Canada and Quito, Ecuador, may resume on Wednesday, February 26 (Release 34-8527). This action followed the issuance of a statement by Norsul clarifying a previous announcement with respect to its interests in Ecuador; but the Commission cautioned that present shareholders, investors and broker-dealer firms should consider carefully the information released by the company in connection with any future transactions in Norsul stock.

Trading in Norsul common was first suspended by the Commission on January 27 as a result of the company's dissemination of a report which intimated a direct and substantial participation by Norsul in a recently publicized oil strike in Ecuador by the Texaco-Gulf consortium. The company's clarifying statement indicates that the Texaco-Gulf discovery well is not located in the "Coca" concession in Ecuador in which Norsul has an interest; there has been no determination as to the extent or commercial value of oil reserves in the "Coca" concession; and Norsul's interest in the "Coca" concession is limited to a portion of a 2% royalty interest, and is subject to pending litigation.

CORRECTION RE INTERNATIONAL EDUCATION OFFERING. The SEC News Digest of January 30 reported the proposed public offering by International Education and Training, Inc., Farmingdale, N. Y., of 200,000 shares of common stock and 20,000 common stock purchase warrants, to be offered in units each consisting of 10 common shares and one warrant and at \$50 per unit. The selling commission is to be \$4 per unit (not \$4 per share, as stated in the Digest). Of the net proceeds, \$500,000 will be used to pay a bank note (the Digest incorrectly stated that \$900,000 would be used to pay two bank notes).

SECURITIES ACT REGISTRATIONS. Effective February 13: Aldon Industries, Inc., 2-31362 (May 15); AVM Corp., 2-31121 (90 days); Bankers' Agency, Inc., 2-29688 (90 days); Beefland International Inc., 2-30814 (90 days); Cover Girl of Miami, Inc., 2-30648 (90 days); Forest Oil Corp., 2-30741 (May 14); J. D. Gramm, Inc., 2-30214 (May 14); Gulf States Utilities Co., 2-31394; Illinois Central Industries, Inc., 2-31434; Kayot, Inc., 2-30783 (90 days); Litton Industries, Inc., 2-31426 and 2-31427; New York Venture Fund, Inc., 2-29858; Pan American World Airways, Inc., 2-31420; The Pillsbury Co., 2-31442; Prelude Corp., 2-29722 (90 days); Sensomatic Electronics Corp., 2-30645 (90 days); Sosa Consolidated, Inc., 2-31403 (40 days); Sossin System, Inc., 2-30606 (90 days); Star-Lite Industries, 2-30843 (90 days); Tesoro Petroleum Corp., 2-30186 (40 days); Tropicana Products, Inc., 2-30838 (90 days); Westcoast Production Co. Ltd., 2-30698 (90 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.

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