

# 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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## DECISIONS IN ADMINISTRATIVE PROCEEDINGS

**HAFEN, WESTERN SECURITIES DENIED REGISTRATION.** The SEC today announced a decision under the Investment Company Act (Release IA-263) in which it denied an application for registration as an investment adviser filed by Darrell G. Hafen, d/b/a Western Securities Co., Salt Lake City, Utah. According to the decision, Hafen used for his own benefit funds obtained from a customer for investment in behalf of the customer's minor children; issued checks in purported payment for securities which were unsupported by adequate funds; and made false and misleading statements in his registration application.

**EXAMINER SUSPENDS AUGION-UNIPOLAR FILING.** SEC Hearing Examiner Warren E. Blair has ruled in proceedings involving a registration statement filed by Augion-Unipolar Corporation, of Guilderland, N. Y., that the statement misrepresents and omits certain material facts. His order suspending the statement is subject to review by the Commission on request of the company ("Registrant") or the Commission's own motion.

The registration statement, filed in May 1969, proposed the public offering of 1,000,000 common shares at \$10 per share. According to the statement, registrant proposes to engage in a business which includes inventing, manufacturing and marketing products connected with electronics and related industries. It proposes to conduct research and development for the utilization of "unipolar-ion" devices, but does not have present products or services; nor does it have a plant or facility for research and development, its office space being provided by its president, Walter F. Wessendorf, Jr. Registrant issued 3,500,000 shares in exchange for four inventions; and an additional 1,000,000 shares were issued to Wessendorf in payment for legal services for which he had billed the company \$10,000. Contrary to Commission rules, these items were shown on the company's balance sheet at \$35,000 and \$10,000, respectively, and were held by the Examiner to be materially misleading prior to an amendment rectifying such deficiency.

Registrant estimated that it would receive net proceeds of \$9,210,000 if the 1,000,000-share offering were successful; and these proceeds were allocated to five categories of research and development. The Examiner held that the disclosure regarding the intended use of proceeds "is entirely inadequate for the Purpose of conveying material information regarding the allocation of proceeds . . ." That Registrant's operations may be "in the field of the unknown and esoteric," the Examiner observed, is not sufficient reason for depriving investors of specific information concerning the intended use of proceeds. Also deficient, according to the Examiner, was the disclosure with respect to the company's organization and business, including the descriptions of the five inventions owned by the company and statements relating to the categories of research and the development in which Registrant intends to operate. The Examiner rejected Registrant's contentions that an explanation would require a "treatise on higher mathematics in addition to transcendental equations," observing that Registrant fails to appreciate that the technical language used in its prospectus cannot substitute for language understandable to the average investor which is required by the Securities Act.

In addition, the Examiner held that Registrant failed to cooperate in the examination by the Commission's staff which preceded the initiation of these proceedings in July 1969, by reason of the refusal of Wessendorf to testify in his capacity as Registrant's president, and to produce corporate documents in response to a subpoena.

**OCEANOGRAPHIC VENTURES SUSPENSION PERMANENT.** The suspension of a Regulation A exemption from Securities Act registration with respect to a proposed public offering of stock by Oceanographic Ventures, Inc., of Miami, Fla., has become permanent, as ordered by a Hearing Examiner's decision (see News Digest of May 11, 1970), no petition for review of that decision having been filed with the Commission. For further details, see Release 33-5067).

## COMMISSION ANNOUNCEMENTS

**TRADING IN INTERNATIONAL SCANNING SUSPENDED.** The SEC has ordered the suspension of over-the-counter trading in stock of International Scanning Devices, Inc. ("Scanning"), of Fort Erie, Ontario, Canada, for the ten-day period June 15-24 (the trading ban will end at the close of business June 24). The suspension was ordered because of the inadequacy of available information about Scanning, its operations and financial condition, and because certain published statements concerning the progress of Scanning's research and development program appear to be incomplete and inaccurate. No securities of Scanning have been registered with the Commission. In October 1969 1,826,524 shares of Scanning common were spun off by Tycodyne Industries Corp. as a dividend to Tycodyne shareholders; the spin-off may have violated the Securities Act registration requirement. Scanning common was quoted at \$5½ to \$7½ on April 14 and more recently at \$4½ to \$5½. The market price appears to have no reasonable relationship to underlying values. Scanning reported total assets of \$1,616,234 at July 31, 1969. Of this amount \$1,250,000 consists of "unrealized valuation increase" in "Patent Rights"; but the carrying value of the patent rights was not based upon any detailed study of the patents by persons experienced in the appropriate sciences and may not be a true reflection of their worth. For further details, see Release 34-8903.

OVER

**FOUR REG. A OFFERINGS SUSPENDED.** The SEC has issued orders temporarily suspending Regulation A exemption from registration under the Securities Act of 1933 with respect to stock offering proposals of the following:

- (1) **Dynamic Marketing Industries Corp. ("Dynamic"), Pittsburgh, Pa.**  
**Potpourri International Inc. ("Potpourri"), Pittsburgh, Pa.**  
 Dynamic's offering proposal, covering 125,000 shares to be offered at \$2.40 per share, was filed October 10, 1969; the January 27, 1970, filing by Potpourri proposed the offering of 300,000 shares at \$1 per share
- (2) **Tucson Turf Club ("TTC"), Tucson, Arizona**  
 In its notification, filed in August 1967, TTC proposed the public offering of 298,000 shares at \$1 per share
- (3) **Visual Industries Corp. ("Visual"), Natick, Mass.**  
 Visual's initial offering, filed in March 1969, related to 100,000 shares to be offered at \$3 per share. A report filed in February 1970 indicated that the offering was discontinued in November 1969 with total sales of 18,500 shares for proceeds of \$55,500.

In the case of Dynamic and Potpourri, the order asserts that there was a failure to disclose that the two companies are under common control of Eugene Buday and that Murray G. Lowenthal, a promoter of Dynamic, has an interest in Maynard Merel & Co., Inc., the underwriter for the two offerings. Moreover, by reason of the common control, the aggregate of the proposed offerings by the two companies exceeds the \$300,000 limitation of Regulation A. With respect to TTC, the order asserts that the actual underwriter was Emprise Corporation, not Jacob J. Isaacson (the named underwriter), and that Emprise, not Isaacson, owns 218,000 shares of TTC stock and is the controlling person and source of financial backing of the issuer. The order with respect to Visual asserts that there was a failure to make proper disclosures concerning the allocation of the proceeds of the offering, the sale of shares to certain persons at \$1.50 instead of stated \$3 offering price, and that an employees' "stock option plan" was in fact a program for granting "bonuses" to employees for no consideration.

**MANUFACTURERS' SALES AND EARNINGS REPORTED.** The SEC and FTC announce (for June 16 newspapers) that U. S. manufacturing corporations reported sales of \$170.4 billion and before-tax profits of \$12.1 billion. The sales total is 5 percent above the first quarter of last year while before-tax earnings are 14 percent lower. Profits after taxes totaled \$6.9 billion in the January-March quarter, 13 percent below the year earlier quarter. The first quarter was also characterized by a further decline in liquidity ratios for manufacturing corporations. For details see Stat. Release No. 2451.

#### HOLDING COMPANY ACT RELEASE

**NEW ENGLAND POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16755) granting an application of New England Power Company ("NEPCO"), Westboro, Mass. subsidiary of New England Electric System ("NEES"), to issue and sell up to \$75,000,000 of short-term promissory notes to a bank, to NEES and/or to dealers in commercial paper. NEPCO will use the net proceeds of its financing to meet anticipated cash requirements for capitalizable expenditures pending permanent financing and for temporary investment in subordinated indebtedness of Vermont Yankee Nuclear Power Corporation and Maine Yankee Atomic Power Company. Capital expenditures are estimated at \$63,400,000 for 1970 and \$33,600,000 for 1971.

#### INVESTMENT COMPANY ACT RELEASES

**AFFILIATED FUND WITHDRAWS APPLICATION.** Affiliated Fund, Inc. and American Business Shares, Inc., New York mutual funds, have withdrawn their applications for exemption from the provisions of Section 22(d) of the Act (Release IC-6076), if and to the extent that such provisions might be construed to prevent Applicants from continuing their practice of maintaining Periodic Investment Programs and Keogh Plans under which the Applicant's custodian bank, Morgan Guaranty Trust Co., invests amounts received from the participants in the Programs or in the Keogh Plans once a month. The two companies have obtained a new transfer agent which will provide daily investing for all shareholders who mail orders directly to the transfer agent.

**STATE STREET INVESTMENT RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6077) exempting State Street Investment Corporation, Boston mutual fund from the provisions of Section 22(d) of the Act, so as to permit the Fund to acquire the assets of Woods Investment Corporation in exchange for Fund shares at their net asset value.

#### COURT ENFORCEMENT ACTIONS

**J. BENNETT RAFFER, OTHERS ENJOINED.** The SEC New York Regional Office announced June 9 (LR-4630) that the following were permanently enjoined by the Federal court in New York from violation of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of securities of the defendant corporations and partnerships: J. Bennett Raffer, J. Bennett Raffer, Ltd., J. B. R. Management Ltd., Atlas Holding, Inc., Chi Holding Inc., Arrow Holding Corp., Benmil Enterprises, Ltd., Wonder Vest Fund and Adventure Fund.

**HAGGIS ASSOCIATES ENJOINED.** The SEC Washington Regional Office announced June 10 (LR-4631) that the Federal court (in D.C.) had permanently enjoined Haggis Associates, Inc., and Arthur G. Haggis, Jr., formerly of Bethesda, Md., and now of Hollywood, Fla., from violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of stock of Haggis Associates. The defendants consented to the injunction without admitting the violations alleged in the SEC complaint.

CONTINUED

SECURITIES ACT REGISTRATIONS

**MONSANTO TO SELL DEBENTURES.** Monsanto Company, 800 N. Lindbergh Blvd., St. Louis, Mo., filed a registration statement (File 2-37642) with the SEC on June 12 seeking registration of \$150,000,000 of sinking fund debentures, due 2000, to be offered for public sale through underwriters headed by Dillon, Read & Co., Inc., 46 William St., New York 10005, and two other firms. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company manufactures chemical and allied products. Net proceeds of the debenture sale will be added to its general funds and will be available for general corporate purposes, including capital expenditures, maturities on long-term debt and reduction in short-term borrowings. In addition to indebtedness and preferred stock, the company has outstanding 33,088,362 common shares. Charles H. Sommer is board chairman and Edward J. Bock president.

**NATIONAL MODULAR SYSTEMS TO SELL STOCK.** National Modular Systems, Inc., 24 Orchard St., Monsey, N. Y., filed a registration statement (File 2-37644) with the SEC on June 12 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$10 per share. The offering is to be made through Greenman & Co., 32 Broadway, New York 10004, which will receive a \$1 per share commission plus \$25,000 for expenses. The company has agreed to sell the underwriter 20,000 shares at 50¢ per share.

Organized in December 1969, the company is primarily engaged in the construction of modular housing units. It plans also to engage in the manufacture and sale of conventional dwelling units and to sell a completed dwelling package to local housing authorities for federally financed housing projects. Of the net proceeds of its stock sale, \$196,700 will be applied to repayment of short-term bank loans, proceeds of which have been used as working capital and to pay certain accruals of officers' salaries, \$70,000 to purchase additional machinery and inventory and for research and training costs, \$125,000 for the construction of conventionally built homes, \$850,000 for site improvement costs and design and construction of and purchase of machinery and initial inventory for its proposed Warwick, N. Y., plant, \$100,000 for the development of a marketing program and \$230,000 for the acquisition of a site for its tentatively approved Town of Ramapo HUD project; the balance will be added to the company's working capital and used for other corporate purposes, including development of its properties and federally financed housing projects. In addition to indebtedness, the company has outstanding 420,000 common shares (with a 52¢ per share net tangible book value), of which Sheldon S. Goldstein, president, owns 18.5% and management officials as a group 71%. Purchasers of the shares being registered will acquire a 32.3% stock interest in the company for their investment of \$2,000,000; present shareholders will then own 67.7%, for which the company received property costing such shareholders \$228,145 above mortgages, or an average of 54¢ per share. Solomon M. Strausberg is board chairman.

**PUGET SOUND POWER TO SELL BONDS.** Puget Sound Power & Light Company, Puget Power Building, Bellevue, Wash. 98004, filed a registration statement (File 2-37645) with the SEC on June 12 seeking registration of \$30,000,000 of first mortgage bonds, due 2000, to be offered for public sale through underwriters headed by Merrill Lynch, Pierce, Fenner & Smith Inc., 70 Pine St., New York 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment. An electric utility, the company will apply net proceeds of its bond sale toward repayment of outstanding bank loans (expected to aggregate \$37,000,000 at the time of the sale of the bonds) incurred for construction purposes. Construction expenditures are estimated at \$37,500,000 for 1970 and \$40,000,000 for 1971.

**GENERAL TELEPHONE (MICH.) TO SELL BONDS.** General Telephone Company of Michigan, 455 E. Ellis Rd., Muskegon, Mich. 49443, filed a registration statement (File 2-37646) with the SEC on June 12 seeking registration of \$17,000,000 of first mortgage bonds, due 2000, to be offered for public sale through underwriters headed by Paine, Webber, Jackson & Curtis, 140 Broadway, New York, and two other firms. The interest rate, offering price and underwriting terms are to be supplied by amendment. A subsidiary of General Telephone & Electronics Corporation, the company will apply the net proceeds of its bond sale, together with the proceeds of the sale of 500,000 shares of common stock to its parent at \$20 per share, toward the payment of some \$40,000,000 of short term bank loans and commercial paper obtained for the purpose of financing its construction program. Construction expenditures are estimated at \$32,000,000 for 1970.

**PETROFUNDS PROPOSES OFFERING.** Petrofunds, Inc., 2200 Esperson Bldg., Houston, Tex. 77002, filed a registration statement (File 2-37647) with the SEC on June 12 seeking registration of \$6,000,000 of units in its 1970 Year End Drilling Fund, Series Six, to be offered for public sale at \$5,000 per unit. No underwriting is involved; participating NASD members will receive a 7½% selling commission. The Program will be organized for the purpose of oil and gas exploration. The company has outstanding 1,000 common shares, all owned by McRae Oil Corporation. James A. McRae, president and board chairman of the company and McRae, owns 46.7% of the outstanding common stock of McRae.

**STOCK PLANS FILED.** The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered pursuant to employee stock and related plans:

- Piasecki Aircraft Corporation, Philadelphia, Pa. 19142 (File 2-37640) - 3,850 shares
- Georgia-Pacific Corporation, Portland, Ore. 97204 (File 2-37641) - 300,000 shares
- Analysts International Corporation, Minneapolis, Minn. 55435 (File 2-37643) - 164,825 shares
- R. J. Reynolds Industries, Inc., Winston-Salem, N. C. 27102 (File 2-37648) - 1,450,000 shares
- New England Gas and Electric Association, Cambridge, Mass. 02139 (File 2-37652) - 100,000 shares of beneficial interest

OVER

MISCELLANEOUS

O/C REGISTRATIONS REPORTED. The following issuers of securities traded over-the-counter have filed registration statements with the Commission pursuant to requirements of Section 12(g) of the Securities Exchange Act (companies which currently file annual and other periodic reports with the SEC are identified by "\*\*\*"):

File No.	O-Registrants	Location
4875	A K Electric Corp	Brooklyn, NY
4654	Administrative Systems Inc	Mineola, NY
4655	Air Cargo Equipment Corp**	Tulsa, Okla.
4656	Alden Care Enterprises Inc	Southfield, Mich.
4881	Allied Nuclear Corp	Riverton, Wyo.
4657	American Medicorp Inc**	Bala Cynwyd, Pa.
4659	American Plan Corp**	L.I., NY
4711	Baldt Corp**	New York, NY
4704	Carvel Corp**	Yonkers, NY
4885	Centennial Villas Inc	Bellevue, Wash.
4662	Data Network Corp**	New York, NY
4663	Delta Corp of America**	Miami, Fla.
4664	FNB Development Corp**	Midland, Tex.
4880	First Fidelity Co	Beverly Hills, Cal.
4884	Frontier Fidelity Savings and Loan Assoc.	Las Vegas, Nev.
4665	General Computing Corp**	New York, NY
4666	Gilbert Associates Inc**	Reading, Pa.
4667	Global Industries Inc**	Belleville, NJ
4690	Golden United Investment Co**	Columbus, Ohio
4668	Frank B Hall & Co., Inc.	New York, NY
4890	Hamburger Dens Inc**	Burlingame, Cal.
4669	Hamilton Brothers Petroleum Corp**	Denver, Colo.
4686	Hiko Bell Mining & Oil Co	Vernal, Utah
4670	Horizons Research Inc**	Cleveland, Ohio
4692	International Leisure Corp**	Las Vegas, Nev.
4888	Investors Corp of America	Birmingham, Ala.
4886	Iowa Commodity Fund	Des Moines, Iowa
4671	Isomet Corp	Palisades Park, NJ
4694	Jones & Vining Inc**	Brockton, Mass.
4675	Kampgrounds of America Inc**	Billings, Montana
4788	Kiddle Care Corp	Grand Rapids, Mich.
4674	Maui Land & Pineapple Co Inc**	Kahului, Maui, Hawaii
4676	Midwestern Financial Corp of Ohio**	Cincinnati, Ohio
4887	Missouri Bancshares Inc	Kansas City, Mo.
4660	National Silver Industries Inc**	New York, NY
4650	National Spinning Co., Inc.**	New York, NY
4678	Pancho's Mexican Buffet Inc**	Ft. Worth, Tex.
4715	Prince Medical-Dental Inc	Houston, Tex.
4679	Rulte Home Corp**	Southfield, Mich.
4695	Ridder Publications Inc	New York, NY
4661	Sampson-Miller Associated Companies Inc**	King of Prussia, Pa.
4680	Schott Industries Inc**	Cincinnati, Ohio
4681	Schwartz Brothers Inc**	Washington, DC
4882	Scientific Software Corp	Englewood, Colo.
4883	Security Capital Corp	Walnut Creek, Cal.
4891	Simplex Development Corp**	New York, NY
4693	Southern Film Extruders Inc**	High Point, NC
4682	Synchronex Corp	New York, NY
4691	Turner Construction Co**	New York, NY
4683	United Data Centers Inc**	Greenwich, Conn.
4665	U S Surgical Corp	New York, NY
4687	George Washington Corp & George Washington Life Ins. Co**	Jacksonville, Fla.

SECURITIES ACT REGISTRATIONS. Effective June 12: Dacar Creations, Inc., 2-35245 (90 days); Boston Edison Co., 2-37445; INA Corp., 2-37354; Louisville Gas and Electric Co., 2-37368; Mobile Home Industries, Inc., 2-37264; Pinkerton's Inc., 2-37189 (40 days); Shulton, Inc., 2-37329; United Industrial Corp., 2-37292; Walter E. Heller International Corp., 2-37590 (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.

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