

# 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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## COMMISSION ANNOUNCEMENT

**RE INSTITUTIONAL STUDY REPORT.** Public Law 90-438 directed the SEC to make an economic study of the effect of holdings and trading in securities by institutional investors upon the maintenance of fair and orderly securities markets, the issuers of such securities, and the public interest. The Commission's report thereon to Congress is due December 31, 1970.

The basic preparation of the Commission's report, including the underlying analytical work, has been completed. Any recommendations to the Congress in pursuance thereof have not as yet been formulated by the Commission in view of the fact that the completed analytic work of the special staff has only recently become available to the Commission. Certain Congressional leaders have urged that the report, when filed, should be accompanied by Commission recommendations. In view of this and the impending adjournment of the 91st Congress, it will not be possible to file the report with Congress at present and such filing is not authorized to be received during the interval between the close of the present session and the convening of the next Congress. The filing of the report will of necessity be delayed beyond the opening of the next session of Congress.

While the special staff that conducted the study will depart, the Commission has requested them and the study's advisory committee to remain available for consultation. The study's director, Dr. Donald Farrar, will remain with the Commission during the coming period.

## HOLDING COMPANY ACT RELEASES

**CENTRAL POWER & LIGHT SEEKS ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16954) giving interested persons until January 25 to request a hearing upon an application of Central Power and Light Company, Corpus Christi, Tex. subsidiary of Central and South West Corporation ("Central"), to issue and sell \$36,000,000 of first mortgage bonds, Series L, due 2001, at competitive bidding. Net proceeds will be used to finance the construction program of Central Power & Light (including repayment or prepayment of borrowings from banks and from Central incurred therefor, which borrowings aggregated \$4,200,000 at November 30). Construction expenditures are estimated at \$58,000,000 for 1971.

**LOUISIANA POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16955) authorizing Louisiana Power & Light Company, New Orleans subsidiary of Middle South Utilities, Inc., to issue and sell up to \$40,000,000 of short-term notes (including commercial paper) to banks and to an investment banker or dealer in commercial paper. Louisiana Power will use the net proceeds of its financing for construction expenditures and other corporate purposes. Construction expenditures are estimated at \$75,700,000 for 1970, \$110,000,000 for 1971 and \$120,000,000 for 1972.

**GENERAL PUBLIC UTILITIES RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16956) authorizing General Public Utilities Corporation, New York holding company, to alter previously designated cash capital contributions to subsidiaries by contributing an additional \$16,200,000 to Metropolitan Edison Company ("Met-Ed"), by reducing the intended contribution to Jersey Central Power & Light Company in the same amount and to extend the time within which to make the contributions to March 31, 1971 in the case of Met-Ed and New Jersey Power & Light Company.

## INVESTMENT COMPANY ACT RELEASES

**ROYAL OPERATING CORP. RECEIVES ORDER.** The SEC has issued an order under the Investment Company Act (Release IC-6312) declaring that Royal Operating Corporation, New York, has ceased to be an investment company as defined in the Act.

**OHIO NATIONAL VARIABLE ACCOUNTS RECEIVE ORDERS.** The SEC has issued orders under the Investment Company Act exempting the following from certain provisions of the Act: Ohio National Variable Account A (Release IC-6313) and Ohio National Variable Account B (Release IC-6314), each together with The Ohio National Life Insurance Company ("Insurance Company") and The O. N. Equity Sales Company, Cincinnati. Insurance Company established Account A and Account B in connection with the proposed sale of contracts with a variable annuity feature. All or part of the net purchase payments under the contracts will be allocated to Account A and Account B and invested in shares of O. N. Fund, Inc., a mutual fund.

OVER

SECURITIES ACT REGISTRATIONS

**ISRAEL ENTERPRISES TO SELL STOCK.** Israel Enterprises, Inc., 1420 Walnut St., Philadelphia, Pa. 19102, filed a registration statement (File 2-39087) with the SEC on December 23 seeking registration of 300,000 shares of Class A common stock, to be offered for public sale at \$2 per share. The offering is to be made on a "best efforts" basis by Lowenthal, Hale, Jaffe, Inc., 117 S. 17th St., Philadelphia, which will receive a 20¢ per share selling commission plus \$15,000 for expenses. The company has agreed to sell the underwriter at 1¢ each, five-year warrants to purchase 30,000 shares, exercisable after one year at \$2 per share.

The company was organized in May 1969 for the purpose of carrying on a variety of business activities involving commerce and investments between the United States and Israel. Its primary activity has been the import and wholesale marketing of Israeli consumer goods. Of the net proceeds of its stock sale, \$300,000 will be used for establishment and initial inventory and operations of The Olive Tree, a planned Philadelphia retail store, and \$120,000 as working capital for the company's Export-Import Division; the balance will be used for other corporate purposes. The company has outstanding 78,047 Class B shares (with a 63¢ per share net tangible book value), of which Saul J. Freedman, board chairman, owns 51.7% and management officials as a group 61.1%. Issa I. Aharon is president. Purchasers of the shares being registered will sustain an immediate dilution of 48¢ in per share book value from the offering price.

**TRATEC FILES OFFERING PROPOSAL.** Tratec Incorporated, 1900 Avenue of the Stars, Los Angeles, Calif. 90067, filed a registration statement (File 2-39104) with the SEC on December 28 seeking registration of 100,000 shares of common stock, to be offered for public sale at \$5 per share. The offering is to be made by underwriters headed by Muller & Co., 140 Broadway, New York 10005, which will receive a commission of 50¢ per share plus \$10,000 for expenses. Muller & Co. also will be entitled to receive an option from the company's president and board chairman (Charles R. Cole, Jr.) to purchase 7,000 outstanding shares at 120% of the offering price.

The company is primarily engaged in the development, sale and presentation of training courses and seminars relating to the selling and marketing of computers and computer-related products and services. The net proceeds of its stock sale will be used for various purposes, including \$225,000 for the development and production of audio and audio-visual training courses and aids and \$75,000 for an expanded marketing effort. The company now has outstanding 274,774 common shares (with a 20¢ per share book value), of which Cole owns 34.5% and management officials as a group 77.7%. Purchasers of the shares being registered will sustain an immediate dilution of \$3.80 in per share book value from the offering price.

**HERSHEY VIDEO TO SELL STOCK.** Hershey Video Systems, Inc., 875 N. Michigan Ave., Chicago, Ill. 60611, filed a registration statement (File 2-39105) with the SEC on December 28 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 on a "best efforts" basis by L. B. Miller & Co., 500 Newport Center Dr., Newport Beach, Calif., which will receive a 60¢ per share selling commission plus \$25,000 for expenses. The company has agreed to sell the underwriter, for \$100, five-year warrants to purchase 10,000 shares, exercisable initially (after one year) at \$6.42 per share.

Organized in November 1969, the company is principally engaged in research connected with, and the writing and production of, electronically recorded audio and video tapes containing programmed learning materials which can be converted to the Columbia Broadcasting System, Inc., Electronic Video Recording system. This system, market introduction of which is projected by CBS for 1971, consists of a video tape cartridge containing 50 minutes of black and white material or 25 minutes of color which is played back on an Electronic Video Recording system player through a standard color or black and white television set. Of the net proceeds of its stock sale, \$253,874 will be used to reduce current liabilities, \$70,000 of which will be used to repay advances by the company's president for working capital and other expenses, \$165,000 for new product development including present courses under development; \$100,000 for the purchase of new equipment including video playback equipment, and \$215,000 for the promotion, marketing and advertising; the balance will be added to the company's general funds and applied to working capital. The company has outstanding 1,340,925 common shares (with a 6¢ per share negative book value), of which Robert S. Hershey, president, owns 93%. Purchasers of the shares being registered will acquire a 13% stock interest in the company for their investment of \$1,200,000 (they will sustain an immediate dilution of \$5.39 in per share book value from the offering price); present shareholders will then own 87%, for which they paid \$304,843, or an average of 23¢ per share.

**LAMB FUND PROPOSES OFFERING.** Lamb Fund, Inc., 70 East Walton St., Chicago, Ill. 60611, filed a registration statement (File 2-39106) with the SEC on December 28 seeking registration of 500,000 shares of common stock. The Fund is a diversified open-end investment company whose primary objective is to seek capital appreciation. Its shares are to be offered at net asset value (\$10 per share maximum\*), without a sales load. The Fund's investment adviser is Walton Management, Inc. Andrew Lamb is president. All the Fund's officers are also affiliated with the adviser.

**KEDCO PROPOSES OFFERING.** Kedco Corporation, 816 Union Center Bldg., Wichita, Ks. 67202, filed a registration statement (File 2-39108) with the SEC on December 28 seeking registration of \$10,000,000 of pre-organization subscriptions to and interests in limited partnerships, which are to engage in the exploration and development of oil and gas properties in the United States and Canada. The securities are to be offered for sale in \$5,000 units. The offering will be made by Kedco Securities, Inc., as distributor, primarily through NASD members, which will receive a 7% selling commission. Both Kedco and Kedco Securities are subsidiaries of K & E Drilling, Inc. Clinton Engstrand is board chairman and Wayne L. Brinegar president of Kedco; Engstrand also is board chairman of K & E Drilling.

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**ESCO PROPOSES OFFERING.** Esco Corporation, 27 West Market St., Newport, Wilmington, Del., filed a registration statement (File 2-39107) with the SEC on December 28 seeking registration of 500,000 shares of common stock, to be offered for public sale at \$6 per share. No underwriting is involved.

The company was organized in December 1969 for the purpose of acquiring through a merger all of the outstanding shares of Eastern States Life Insurance Company. A subsidiary by merger, the latter's principal business is the reinsurance of credit life and credit disability policies, issued primarily to purchasers of new automobiles. Substantially all of the proceeds of Esco's stock sale will be transferred to the general funds of Eastern States for use in financing its operations. The company now has outstanding 207,450 common shares (with a \$2.10 per share book value), of which management officials as a group own 24.4%. Robert W. Gunther is president. Purchasers of the shares being registered will sustain an immediate dilution of \$1.19 in per share book value from the offering price.

**BACHE-GOODBODY-WALSTON FUND FILES.** Bache & Co., Inc., 36 Wall St., Goodbody & Co., Inc., 55 Broad St., and Walston & Co., Inc., 77 Water St., all of New York, Sponsors of the Municipal Investment Trust Fund, Series 1E, filed a registration statement (File 2-39110) with the SEC on December 28 seeking registration of 12,000 fractional undivided interests in \$12,000,000 principal amount of bonds the interest on which, in the opinion of counsel, is exempt from all Federal income tax under existing law. The offering price and underwriting terms are to be supplied by amendment.

**LEAGUE LIFE INS. TO SELL VARIABLE ANNUITIES.** League Life Insurance Company, 15600 Providence Dr., Southfield, Mich. 48075, filed a registration statement (File 2-39111) with the SEC on December 28 seeking registration of \$10,000,000 of interests in its "Separate Account #1". The said account was established to offer participations in the Deposit Administrative Variable Annuity Contract. The Contract has been issued to the Michigan Credit Union League for the benefit of members of Michigan credit unions. The Separate Account purchases shares of League Investment Fund, Inc. without sales charge. League Investment Distributors Company, a wholly-owned subsidiary of League Life, will assist in the promotion and solicitation of participation under the Contract. George R. Lachapelle is board chairman of League Life, and president of Michigan Credit Union League and League Investment Fund and Robert E. Vanderbeek is president of League Life and of League Investment Distributors.

**BUMBLES INTERNATIONAL TO SELL STOCK.** Bumbles International, Inc., 828 S. Robertson Blvd., Los Angeles, Calif. 90035, filed a registration statement (File 2-39112) with the SEC on December 28 seeking registration of 125,000 shares of common stock, to be offered for public sale at \$8 per share. The offering is to be made on a "best efforts" basis by an underwriter (whose name is to be supplied by amendment), which will receive an 80¢ per share selling commission plus \$25,000 for expenses. The company has agreed to sell the underwriter up to 12,500 shares at 10¢ per share.

Organized in June, the company in November acquired all the assets of Bruton and Bond, Inc., in exchange for 400,000 shares. The company is engaged in owning and operating a club in Los Angeles, which offers food, beverages and entertainment to its members and their guests. It intends to open similar clubs in New York, Washington, London, and Acapulco. Of the net proceeds of its stock sale, \$350,000 will be used for establishment of a club in New York and \$150,000 to establish a franchising, licensing or joint-venture program leading toward establishment of similar clubs in Washington, London and Acapulco; the balance will be added to the company's working capital and used for general corporate purposes. The company has outstanding 470,935 common shares (with a 13¢ per share book value), of which Joseph Levine, chairman, owns 16.14%, Brian Morris, president, 12.32%, management officials as a group 36.95% and Canaveral Capital Corporation 25.48%. Purchasers of the shares being registered will acquire a 20.5% stock interest in the company for their investment of \$1,000,000 (they will sustain an immediate dilution of \$6.56 in per share book value from the offering price); present shareholders will then own 79.5% for their investment of \$54,400.

**OUTDOOR SPORTS INDUSTRIES FILES FOR OFFERING AND SECONDARY.** Outdoor Sports Industries, Inc., 821 17th St., Denver, Colo. 80202, filed a registration statement (File 2-39115) with the SEC on December 28 seeking registration of 500,000 shares of common stock, of which 425,000 are to be offered for public sale by the company and 75,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Bosworth, Sullivan & Co., Inc., 660 - 17th St., and Boettcher & Co., 828 17th St., both of Denver, Colo. 80202; the offering price (\$12 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized in April 1967, the company acquired all the stock of Chattanooga Saddlery Company, Inc. and its wholly-owned subsidiary, Western Saddlery, Inc. (originally organized in 1950); thereafter it has acquired additional companies. The company is engaged in the design, manufacture and marketing of diversified products in the equestrian, camping and skiing and sailing fields, including principally Western style saddles and other riding equipment, hiking equipment, ski and outdoor apparel, sails and sailing equipment and marine equipment and accessories. Of the net proceeds of its sale of additional stock, \$1,011,000 will be applied to retirement of all the company's 4% junior subordinated notes (of which \$511,000 is held by James L. O'Kelley, a vice president), \$555,000 to retire principal payments due May 1971 on the company's senior note, and \$2,400,000 to repay short-term bank borrowings incurred to provide working capital; the balance will be used to finance increases in accounts receivable and inventory. In addition to indebtedness and preferred stock, the company has outstanding 806,446 common shares, of which Richard H. Olson, president, owns 14.4%, and management officials as a group 34.14%. Nine persons are listed as selling shareholders; the number of shares to be sold by each is to be supplied by amendment.

**BEHAVIORAL RESEARCH LABS FILES FOR OFFERING AND SECONDARY.** Behavioral Research Laboratories, 3280 Alpine Road, Menlo Park, Calif. 94302, filed a registration statement (File 2-39116) with the SEC on December 29 seeking registration of 421,701 shares of common stock, of which 50,000 are to be offered for public sale by the company and 371,701 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by White, Weld & Co., 20 Broad St., New York, N. Y. 10005, and Hambrecht & Quist, 235 Montgomery St., San Francisco, Calif. 94104; the offering price (\$15 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the distribution of educational materials (most of which utilize the concept of programmed instruction) and the development, marketing and implementation of educational systems which use such materials. Net proceeds of its sale of additional stock, along with internally generated funds, will be used in the proposed expansion of the company's new divisions. The estimated cost of construction and land acquisition for ten Pre-School Centers planned to be opened in 1971 will be \$3,000,000 and pre-opening and equipment costs for the centers \$500,000, pre-opening and equipment costs for additional language schools and reading centers planned for 1971 are estimated at \$200,000 and development and start-up costs for a children's magazine are estimated at \$900,000. The company has outstanding 2,648,305 common shares, of which M. W. Sullivan, a director, owns 49%, Edper Investments, Ltd. (owned by trusts of which Peter Bronfman, a director, is one of the beneficiaries) 30% and management officials as a group 89.6%. Edper Investments proposes to sell 250,000 of 796,652 shares held, Sullivan 20,000 of 1,300,070 and eight others the remaining shares being registered.

**CENTRAL BANKING SYSTEM TO SELL DEBENTURES.** Central Banking System, Inc., 301 20th St., Oakland, Calif. 94612, filed a registration statement (File 2-39119) with the SEC on December 29 seeking registration of \$10,000,000 of 8% subordinated capital notes, due 1978, to be offered for public sale at 100% of principal amount. No underwriting is involved.

The company was organized in November 1966 for the purpose of becoming a bank holding company. It has five banking subsidiaries and a 51% interest in a sixth bank, all of which are engaged in the general commercial banking business in Northern California. Of the net proceeds of its debenture sale, \$3,000,000 will be used to provide additional capital to affiliated banks, \$4,000,000 for organizing new affiliated banks and \$2,000,000 for acquisitions of banks and non-banking subsidiaries; the balance will be added to the company's general funds and will be available to provide additional capital funds to the affiliated banks or for other corporate purposes. In addition to indebtedness, the company has outstanding 1,364,655 common shares. Michael G. Rafton is board chairman and president.

**SCANFORMS TO SELL STOCK.** Scanforms, Inc., 322 Howell St., Bristol, Pa., filed a registration statement (File 2-39120) with the SEC on December 29 seeking registration of 100,000 shares of common stock, to be offered for public sale through Albert and Maguire Co., Inc., Roosevelt Mall, Philadelphia, Pa. The offering price (\$7 per share maximum\*) and underwriting terms are to be supplied by amendment.

Organized in January 1969, the company is engaged in the manufacture and sale of business forms and in furnishing computer services. Of the net proceeds of its stock sale, \$250,000 will be applied to the reduction of demand bank loans used for operating funds and the balance for working capital and general corporate purposes. In addition to indebtedness, the company has outstanding 250,247 common shares (with a 13¢ per share net tangible book deficit), of which Robert A. Samans, president, owns 11%, management officials as a group 23% and Geiger & Palkov 24%. Lewis Nathan is board chairman. Purchasers of the shares being registered will sustain an immediate dilution of \$3.95 in per share book value from the offering price.

**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:

- Inexco Oil Company, Denver, Colo. 80203 (File 2-39913) - 200,000 shares
- Alexander and Alexander, Inc., New York, N. Y. 10007 (File 2-39114) - 5,797 shares
- Milwaukee Professional Sports & Services, Inc., Milwaukee, Wis. 53233 (File 2-39117) - 50,000 shares
- Jantsen Inc., Portland, Ore. 97208 (File 2-39118) - 98,280 shares

#### MISCELLANEOUS

**TRADING SUSPENSION CONTINUED.** The SEC has ordered the suspension of over-the-counter trading in the securities of Continental Vending Machine Corporation for the further ten-day period January 1-10, 1971, inclusive.

**SECURITIES ACT REGISTRATIONS.** Effective December 30: American Air Filter Co., Inc., 2-39072; Collins Foods International Inc., 2-38971; Commonwealth Edison Co., 2-39032; Mr. Quick, Inc., 2-34607 (90 days); National Medical Enterprises, Inc., 2-38941; Northwestern Bell Telephone Co., 2-39013; Winn-Dixie Stores, Inc., 2-38978.

**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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