

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

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SCHOLARSHIP CLUB TRUST FUND OFFERING CLEARED. The SEC today announced a decision under the Investment Company Act (Release IC-5524) which will permit the offering and sale by The Trust Fund Sponsored by the Scholarship Club, Inc., of Fort Lauderdale, Fla., of plans designed to provide funds for payment of college-education expenses of students, subject to later review and examination of the Fund's prospectus and sales literature to insure full, adequate and informative disclosure.

Scholarship Club is a non-profit Florida corporation organized in 1961 to promote and operate plans designed to provide funds for future payment of college expenses of students. Under the plans, the investor agrees to open and pay either a lump sum or monthly deposits into a savings account in his own name in a federally insured bank or savings and loan association. The investors further agrees that all earnings accruing to the account will vest in and be transferred to the Fund, to be invested and ultimately distributed for the benefit of college student beneficiaries designated by investors. The account principal may be withdrawn by the investor at any time; but such withdrawal will terminate the plan and result in the forfeiture by the investor of earnings on the account theretofore transferred to the Fund as well as the elimination of the investor's designated beneficiary from any participation in the assets of the Fund. The plan also would be terminated with similar consequences if the beneficiary dies prior to entering college (except that another child may be substituted as the beneficiary) or does not enter college, or does not satisfactorily complete the first year (or any subsequent year) of college.

The SEC Division of Corporate Regulation had opposed the Fund's application for exemption from certain provisions of the Investment Company Act, contending (among other things) that the plans are "inherently deceptive" because of contradictory assumptions that, on the one hand, each planholder's beneficiary will qualify for and complete college and, on the other, that there will be a very large number of drop-outs, and because of the expectation (which will not be borne out if forfeitures are low or college expenses increase) that the plans will provide for all college expenses. Without undertaking to determine whether the Fund's proposed operation is a good way for parents to provide for the college education of their children, the Commission observed that it was not prepared to assume, in advance, that it will not be possible to arrive at a proper presentation, in the prospectus and sales literature as well as in the terminology of the plan agreements, which will give adequate, accurate and explicit information, fairly presented, as to the nature of the plans.

The exemption order issued by the Commission permits the Fund to operate with investors having one vote per plan owned; and electing a majority of the directors; permits the issuance of periodic payment plans which will not be fully redeemable; permits a deduction of amounts of sales load to be made over a three-year period although amounts deducted in the third year differ proportionally from amounts deducted in the first two years; and permits sales notwithstanding that by the nature of the plans their net asset value may not be specifically determined.

MISSISSIPPI POWER & LIGHT SEEKS ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16198) giving interested persons until November 20 to request a hearing upon an application of Mississippi Power & Light Company ("MP&L"), Jackson subsidiary of Middle South Utilities, Inc., to transfer \$3,100,000 (or \$1 for each of 3,100,000 outstanding common shares) from earned surplus to the common stock capital account. At August 31, 1968, the common stock capital and earned surplus of MP&L amounted to \$58,900,000 and \$13,473,890, respectively. Giving effect to the proposed transfer, common stock capital would be increased to \$62,000,000 and earned surplus would be reduced to \$10,373,890. The transaction is proposed for principal purpose of effectuating a permanent capitalization of a portion of the company's earned surplus.

DELMARVA POWER & LIGHT RECEIVES ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16199) authorizing Delmarva Power & Light Company, Wilmington, Del., holding company, to increase its borrowings through issuance and sale of short-term notes to banks and to a commercial paper dealer from \$15,000,000 to \$19,000,000 at any one time outstanding. Net proceeds of its borrowings will be used to finance part of Delmarva's 1967-1968 construction program.

ESTAFUND RECEIVES ORDER. The SEC has issued an order under the Investment Company Act (Release IC-5525) declaring that Estafund, Inc., Boston mutual fund, has ceased to be an investment company and that its registration as such is no longer in effect. According to its application, Estafund has abandoned its contemplated public offering of shares and does not propose to make such an offering.

ALLEGHANY CORP. RECEIVES ORDER. The SEC has issued an exemption order under the Investment Company Act (Release IC-5526) with respect to the issuance of common shares of Alleghany Corporation, New York investment company, upon the (i) conversion of its outstanding 6% convertible preferred stock, (ii) exercise of its outstanding stock purchase warrants and (iii) exercise of stock options which were outstanding prior to February 1, 1968.

OVER

R. A. MATEER ENJOINED. The SEC Atlanta Regional Office announced October 23 (LR-4144) that Roger A. Mateer of Jackson, Miss., had consented to a court order of permanent injunction against the offer and sale of oil interests in violation of the Securities Act registration provisions.

CUNDARI OIL, CUNDARI ENJOINED. The SEC Chicago Regional Office announced October 24 (LR-4145) that the U. S. District Court in Detroit issued an order of preliminary injunction against violations of the Securities Act registration provisions by Sante M. Cundari and Cundari Oil Company, Inc., of Dearborn, Mich., in the offer and sale of oil interests.

SEC COMPLAINT NAMES MEDIA LABORATORIES, OTHERS. The SEC New York Regional Office announced October 25 (LR-4146) the filing on October 10 of an action in the U. S. District Court in New York City, seeking to enjoin violations of the registration and anti-fraud provisions of the Federal securities laws in the offer and sale of stock of Media Laboratories, Inc., a New York corporation, by Media Laboratories, Allan Morrell, Daren Alyn November and Robert A. List. Each of the defendants consented to a court order of permanent injunction, but without admitting or denying the allegations in the Commission's complaint. As to defendants Media Laboratories, Morrell and November, they also consented to an order requiring restitution.

AMERICAN TOBACCO SEEKS ORDER. The SEC has issued an order under the Trust Indenture Act of 1939 giving interested persons until November 14, 1968, to request a hearing upon an application of American Tobacco Company, of New York City, for an order with respect to the trusteeship of Morgan Guaranty Trust Company of New York under three certain trust indentures. According to the application, the company has outstanding \$6,081,000 of debentures (due 1969) issued pursuant to a 1944 indenture and \$18,715,000 of debentures (due 1977) issued pursuant to a 1952 indenture; and the said Trust Company serves as trustee under both the 1944 and the 1952 indentures. The company's wholly-owned subsidiary, American Tobacco International Corporation, has issued and sold \$50,000,000 of 5 $\frac{1}{4}$ % convertible guaranteed debentures due 1988, pursuant to an indenture dated as of August 1, 1968, which debentures are guaranteed unconditionally by the parent as to payment of principal, premium, if any, and interest; and the Trust Company also serves as trustee under that indenture. In its application, the parent company urges that any difference between the three indentures are 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 Trust Company from acting as trustee under any of such indentures; and it seeks a Commission order to that effect.

CUBAN ELECTRIC EXEMPTED. The SEC has issued an order granting an application of Cuban Electric Company, of New York City, for exemption from the registration provisions of Section 12(g) of the Securities Exchange Act of 1934. Issuance of the exemption order also provides an exemption from the provisions of Sections 13, 14 and 16 of the Act.

UNLISTED TRADING REPORTED. The SEC has issued an order under the Securities Exchange Act giving interested persons until November 12, 1968, to request a hearing upon an application of the Pittsburgh Stock Exchange for unlisted trading privileges in the common stock of Rockwell Manufacturing Company.

Orders have also been issued granting applications of the Philadelphia-Baltimore-Washington Stock Exchange for such privileges in the common stock of Florida Gas Company and in the \$4.20 convertible preferred stock of Northwest Industries, Inc. (Release 34-8436)

LYNN GAS AND MYSTIC VALLEY GAS SEEK ORDER. The SEC has issued an order under the Holding Company Act (Release 35-16197) giving interested persons until November 18 to request a hearing upon a joint application of Lynn Gas Company and Mystic Valley Gas Company, Boston subsidiaries of New England Electric System, to increase the amounts of their authorized short-term debt to banks. It is proposed that Lynn be authorized to increase its bank borrowings from \$3,675,000 to \$3,775,000 and Mystic from \$10,125,000 to \$10,625,000. Lynn and Mystic desire to consummate the proposed transactions in order to meet their cash requirements through December 31, 1968.

MUNICIPAL TRUST FUND SEEKS ORDER. Municipal Investment Trust Fund, Series M, a New York unit investment trust, has applied to the SEC under the Investment Company Act for exemption from the \$100,000 minimum net worth provisions of the Act; and the Commission has issued an order (Release IC-5527) giving interested persons until November 18 to request a hearing thereon. The Fund is one of a series of similar funds named "Municipal Investment Trust Fund," organized pursuant to a Trust Agreement under which Goodbody & Co., Bache & Co. and Walston & Co., Inc., will act as Sponsors and the United States Trust Company of New York as Trustee. Under the Trust Agreement the Sponsors will deposit up to \$6,000,000 principal amount of bonds and will receive from the Trustee registered certificates for up to 6,000 units which will be offered for public sale by the Sponsors.

BANGOR PUNTA FILES EXCHANGE PLAN. Bangor Punta Corporation, 405 Park Ave., New York 10022, filed a registration statement (File 2-30557) with the SEC on October 24 seeking registration of 102,893 shares of common stock, 11-year warrants to purchase 171,489 common shares and \$17,148,850 of 7-1/4% subordinated debentures, due 1999. It is proposed to offer these securities in exchange for common stock of Harley-Davidson Motor Company, at the rate of 15/100 of a Bangor Punta common share, 1/4 of a warrant to purchase one share at \$55, and \$25 principal amount of debentures for each Harley-Davidson common share. On October 18 Bangor Punta owned 27,600 of the 713,554 Harley-Davidson shares outstanding.

Bangor Punta is a diversified holding company with operating subsidiaries in the following industries: leisure time (pleasure boats, camping trailers, emblematic jewelry), public security, energy systems, process engineering and equipment, fashion fabrics, agri-business, services and transportation. In addition to indebtedness and preferred stock, Bangor Punta has outstanding 2,602,228 common shares. Nicolas M. Salgo is board chairman and David W. Wallace president.

DRUG FAIR-COMMUNITY DRUG FILES FOR SECONDARY. Drug Fair-Community Drug Co., Inc., 6315 Bren Mar Drive, Alexandria, Va. 22314, filed a registration statement (File 2-30559) with the SEC on October 24 seeking registration of 14,899 outstanding shares of A common stock. These shares are to be offered for public sale by the present holder thereof at prices current at the time of sale (\$24 per share maximum*). They were issued in May 1968 on conversion of \$192,500 of 6% convertible senior subordinated notes, due 1977.

The company operates 111 drug stores in the District of Columbia, Maryland, Virginia and West Virginia. In addition to indebtedness, it has outstanding 628,480 Class A common and 642,227 Class B common shares. Of the Class B shares, Milton L. Elsberg, president, and family members own 26.1%, and Myron D. Gerber, board chairman, family members and estate 25.4%. Equitable Life Insurance Company proposes to sell the A shares being registered.

C & W PRECISION PRODUCTS PROPOSES OFFERING. C & W Precision Products, Inc., 231 West 29th St., New York 10001, filed a registration statement (File 2-30560) with the SEC on October 25 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 through underwriters headed by Orvis Brothers & Co., 30 Broad St., New York 10004, which will receive a 50c per share commission plus up to \$10,000 for expenses. The company has agreed to sell the Orvis firm, for \$100, five-year warrants to purchase 10,000 common shares, exercisable after one year at \$5.75 per share.

Organized under New York law in April 1964 (as C & W Sewing Machine Attachments Company, Inc.), the company is a manufacturer, importer and distributor of industrial sewing machine parts and attachments for use by various commercial enterprises. Of the net proceeds of its stock sale, \$150,000 will be used to expand the importing business of the company, \$100,000 to purchase Singer Company industrial sewing machine parts and to purchase additional machinery for its domestic plant and \$50,000 to pay the initial cost of entering the business of laminating and manufacturing industrial sewing machine table tops and related items; the balance will be added to working capital to be used for general corporate purposes. The company has outstanding 200,000 common shares (with a \$1.39 per share book value), of which Frank Passaro, president, and William Galva, treasurer, own 49% each.

UNION TANK CAR FILES FOR OFFERING. Union Tank Car Company, 111 West Jackson Blvd., Chicago, Ill. 60604, filed a registration statement (File 2-30562) with the SEC on October 25 seeking registration of \$20,000,000 of equipment trust certificates, due 1988 (Series 4), to be offered for public sale through underwriters headed by Salomon Brothers & Hutzler, 60 Wall St., New York 10005. The interest rate, offering price and underwriting terms are to be supplied by amendment.

The company's business consists of leasing railroad tank cars to shippers of liquid products in bulk. Net proceeds of this financing will be used, together with treasury funds, to retire a portion of the \$27,223,589 indebtedness outstanding on October 25 under the company's Equipment Trust Notes, Series B, due 1970.

SOUTH CENTRAL BELL TO SELL DEBENTURES. South Central Bell Telephone Company, 701 S. 20th St., Birmingham, Ala. 35233, filed a registration statement (File 2-30563) with the SEC on October 25 seeking registration of \$85,000,000 of debentures, due 1999, to be offered for public sale at competitive bidding. A subsidiary of AT&T and an associated company of the Bell System, the company will use a portion of the net proceeds of its debenture sale to repay some \$65,000,000 of advances from AT&T and the remainder for general corporate purposes (including construction expenditures).

BUDGET INDUSTRIES PROPOSES OFFERING. Budget Industries, Inc., 6434 Wilshire Blvd., Los Angeles, Calif. 90048, filed a registration statement (File 2-30564) with the SEC on October 25 seeking registration of \$10,000,000 of 6% subordinated sinking fund debentures due 1988 and 15-year warrants to purchase 325,000 common shares. It is proposed to offer these securities in units, each consisting of a \$1,000 debenture and warrants to purchase 30 shares. The offering price and underwriting terms are to be supplied by amendment, Kleiner, Bell & Co., Inc., 9756 Wilshire Blvd., Beverly Hills, Calif. 90212, and Oppenheimer & Co., 5 Hanover Square, New York 10004, are named as the principal underwriters.

The company was organized in April 1968 and since consummation in July of an exchange offer made to stockholders of Budget Finance Plan has been the latter's parent. The subsidiary is engaged in various types of finance operations including consumer and commercial finance and casualty insurance; it also owns majority interests in State Savings and Loan Association and Century Bank. In the exchange offer, the company acquired slightly in excess of 96% of the outstanding shares of the subsidiary, for which it issued in exchange an aggregate of 1,263,837 shares of Industries common (the exchange was on the basis of 1.05 shares of Industries common for each share of the BFP common); and the company is currently making an additional exchange offer on a 1-for-1 basis to acquire the 45,985 shares of BFP stock not acquired in the initial exchange offer and also to acquire on a 1.05-for-1 basis the outstanding warrants of BFP. Net proceeds of this financing will be added to Industries working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 1,443,732 common shares, of which Charles S. Offer, president and board chairman, owns 8.9% and management officials as a group 17.2%.

SCIENTIFIC RESOURCES FILES FOR SECONDARY. Scientific Resources Corporation, 7320 Old York Road, Philadelphia, Pa. 19126, filed a registration statement (File 2-30558) with the SEC on October 24 seeking registration of 771,134 outstanding shares of common stock. These shares were issued on October 11 in connection with the exchange of 2,266,100 shares for substantially all the assets, property, business and goodwill of Mauchly Associates, Inc. The recipients or holders thereof may offer such shares for public sale from time to time at prices current at the time of sale (\$23.125 per share maximum*).

The company (formerly Sunasco Incorporated) is engaged in the business of purchasing and servicing installment obligations secured by liens on real estate arising for the most part from the financing of home and property improvements. It is anticipated that there will be a reorientation of these operations in the

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future toward the sale and leasing of major items of personal property or fixtures, including such items as computer systems and airplanes. In addition to indebtedness and preferred stock, the company has outstanding 2,644,955 common shares. J. L. Wolgin is board chairman and Thomas T. Fleming president. Putnam Equities Fund, Inc., proposes to sell all of its holdings of 170,000 shares, Hartwell & Campbell Fund, Inc., all of 144,500 and The Value Line Special Situations Fund, Inc., all of 85,000; 59 others propose to sell the remaining shares being registered.

PETRO-LEWIS FUND/68 PARTNERSHIP INTERESTS OFFERED. Jerome A. Lewis, general partner of Petro-Lewis Fund/68, Denver Club Bldg., Suite 1224, Denver, Colo. 80202, filed a registration statement (File 2-30556) with the SEC on October 24 seeking registration of \$2,500,000 of preformation limited partnership interests in the Fund, to be offered for public sale at \$5,000 per unit. The offering is to be made on a "best efforts" basis by Ladenburg, Thalman & Co., 25 Broad St., New York 10004, which will receive a \$400 per unit selling commission plus up to \$8,000 for expenses. Petro-Lewis Corp. has sold the underwriter 30,000 common shares at \$3 per share; also 7,500 shares to S. Marcus Finkle at the same price in consideration for his services as a finder. The Fund was designed to engage generally in the oil and gas business. It intends to use approximately 40% of the net proceeds of its sale of partnership interests in the acquisition of existing oil and gas production and the balance for drilling activities. Petro-Lewis Corp. (of which Jerome A. Lewis, president) will serve as general contractor in drilling and completing projects on a fixed price basis.

STRUCTURAL FOAM PRODUCTS PROPOSES OFFERING. Structural Foam Products, Inc., 245 Clanton Road, Charlotte, N. C. 28203, filed a registration statement (File 2-30565) with the SEC on October 25 seeking registration of 200,000 shares of common stock, to be offered for public sale at \$4 per share. The offering is to be made by Hopp & Company, 180 Main Ave., Passaic, N. J. 07055, which will receive a 40¢ per share commission plus \$20,000 for expenses. The company has agreed to sell to the underwriter, for \$150, six-year warrants to purchase 15,000 common shares, exercisable at \$4 per share.

Organized under Delaware law in August 1968 to succeed to interests of a North Carolina company of the same name formed in 1967, the company is engaged in the low pressure injection molding of foamed plastic custom designed plastic products for use in load bearing and other applications. It now has one injection molding production line in the start-up phase of its business. Net proceeds of its stock sale will be used to purchase the machinery for four additional production lines, four vertical presses and other related production machinery and the balance will be added to working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 500,000 common shares (with a negative book value of 5¢ per share), of which William R. DeVita, president, owns 61.5% and Richard E. Fechhelm, assistant treasurer, 16%. Upon completion of this offering, the present shareholders will obtain an increase in book value of \$1.11 per share without additional cost to them; purchasers of the shares being registered will suffer a dilution of \$2.89 from the \$4 per share offering price.

INTERNATIONAL SYSTEMS ASSOCIATES FILES FOR OFFERING AND SECONDARY. International Systems Associates, Ltd. 350 Fifth Ave., New York 10001, filed a registration statement (File 2-30566) with the SEC on October 25 seeking registration of 300,000 shares of common stock, of which 270,000 are to be offered for public sale by the company and 30,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by D. H. Blair Securities Corp., 66 Beaver St., New York 10004; the offering price (\$6 per share maximum*) and underwriting terms are to be supplied by amendment. The company has agreed to pay the underwriters up to \$20,000 for expenses; the board chairman, president and other company officials and principal shareholders have sold to Blair Securities 30,000 common shares for \$15,000; Blair Securities, in turn, has sold Bernard Goldstein 1,500 such shares for \$750 in consideration for his services as a finder.

The company is a service data processing organization. It emphasizes the development of custom computer software involving systems analysis and the design of programs to customer requirements. Net proceeds of its sale of additional stock will be applied to the establishment and development of additional data processing centers, the development of data processing packages and for acquisitions. Until so used, the proceeds will be added to working capital. The company has outstanding 717,000 common shares, of which Nat Rothenberg, board chairman, and Paul A. Goldner, president, own 43% each. Each proposes to sell 15,000 shares of 308,593 shares held each.

SECURITIES ACT REGISTRATIONS. Effective October 25: Capitol Products Corp., 2-30118 (40 days); Colt Industries Inc., 2-30510 (Dec 5).
Effective October 28: Beneficial Finance Co., 2-29154 (Dec 9); Canada Southern Petroleum Ltd., 2-29510 (40 days); Cybern-Education, Inc., 2-29376 (90 days); G. C. Dewey Corp., 2-30012 (Dec 9); Micropac Industries, Inc., 2-29761 (90 days); National Patent Development Corp., 2-26226 (40 days); Newberry Energy Corp., 2-29459 (Jan 28); North Atlantic Corp., 2-28626 (90 days); The Oil Shale Corp. 2-30335.

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.