

# SECURITIES AND EXCHANGE COMMISSION NEWS DIGEST

A brief summary of financial proposals filed with and actions by the S.E.C.



Washington, D C 20549

( In ordering full text of Releases from SEC Publications Unit cite number )

(Issue No. 69-236)

FOR RELEASE December 10, 1969

**BLANK EQUIPMENT & LEASING OFFERING SUSPENDED.** The SEC has issued an order temporarily suspending a Regulation A exemption from registration under the Securities Act of 1933 with respect to the public offering of stock by Blank Equipment and Leasing Corporation, of Miami, Fla. The order provides an opportunity for hearing, upon request, on the question whether the suspension should be vacated or made permanent.

Regulation A provides a conditional exemption from registration with respect to public offerings of securities not exceeding \$300,000 in amount. In a notification filed March 28, 1969, Blank Equipment proposed the public offering of 100,000 shares of common stock at \$3 per share. Gardner Securities Corporation, New York broker-dealer, agreed to offer the 100,000 shares on a "best efforts, all-or-none" basis. According to the Commission's order, it appears that, contrary to representations contained in Blank Equipment's offering circular that the proceeds of its stock sale would be placed in escrow in a special account at Chemical Bank New York Trust Company and that such proceeds would be returned to investors after 60 days (or 90 if the offering period were extended) if all 100,000 shares were not sold, (1) no such special account was opened at Chemical Bank and (2) as of December 4, 1969, the proceeds of the sale of 13,000 shares at \$3 per share had been deposited in an account with Chelsea National Bank, subject to the control of the underwriter, such account reflects numerous deposits and withdrawals (but at no time amounted to \$39,000), only \$4,456.29 remained on deposit as of December 4, and there were insufficient funds then on deposit to repay purchasers of the 13,000 shares in the event all 100,000 shares were not sold within the prescribed period.

**SEC ORDER CITES BLAYLOCK & CO.** The SEC has ordered administrative proceedings under the Securities Exchange Act of 1934 involving an application for broker-dealer registration filed by Blaylock & Co., of Dallas, Tex. The proceedings are based upon an allegation of the Commission's staff that the firm and its president, Leonard Blaylock, III, falsified a report of financial condition included with the registration application by misrepresenting that the firm had \$20,000 in cash. A hearing is to be held to take evidence on the staff allegation and to afford the respondents an opportunity to offer any defenses thereto, for the purpose of determining whether the allegation is true and, if so, whether the registration application should be denied.

**GEORGIA POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16551) authorizing Georgia Power Company, Atlanta subsidiary of The Southern Company, to increase the amount of short-term notes it may issue and sell to banks and commercial paper to commercial paper dealers from \$100,000,000 to \$108,000,000 (the maximum amount now permissible under its charter). Georgia Power proposes to issue and sell up to \$32,342,000 to 248 Georgia banks.

**APPALACHIAN POWER RECEIVES ORDER.** The SEC has issued an order under the Holding Company Act (Release 35-16552) authorizing Appalachian Power Company and Kingsport Power Company, subsidiaries of American Electric Power Company, Inc., New York holding company, to sell to United Inter-Mountain Telephone Company, a nonassociate company, 6,897 and 3,098 wood poles, respectively, for \$291,900 and \$163,100, respectively. The proposed sale will bring about greater equality of investment in poles jointly used by the three companies.

**CAPITAL FUNDING PROGRAMS PROPOSE OFFERING.** Capital Funding Programs, Inc., 690 Market St., San Francisco Calif. 94104, filed a registration statement (File 2-35595) with the SEC on December 5 seeking registration of \$2,500,000 of Programs for the Acquisition of Mutual Fund Shares and Insurance. Capital Funding Programs, Inc., is a wholly-owned subsidiary of Capital Funding Corporation. The Programs will generally be made up of policies of insurance sold through Capital Insurance Associates, Inc. and mutual fund shares purchased through Capital Securities Company. Both Capital Insurance and Capital Securities are wholly-owned subsidiaries of Capital Funding Corporation. Frank J. McCormack is president and chairman of Capital Fund Programs and an officer of its parent.

**ADR'S FOR MITSUBISHI FILED.** Morgan Guaranty Trust Company of New York, 23 Wall St., New York, N. Y., filed a registration statement (File 2-35597) with the SEC on December 5 seeking registration of \$500,000 of American Depositary Receipts for dollar validated common stock of Mitsubishi Estate Company, Limited (a Japanese corporation).

**STOCK PLANS FILED.** The following have filed Form S-8 registration statements with the SEC seeking registration of securities to be offered under and pursuant to employee stock plans:  
Carter-Wallace, Inc., New York, N. Y. 10022 (File 2-35573) - 597,500 shares  
Heath Tecna Corporation, Kent, Washington 98031 (File 2-35577) - 301,388 shares  
The Union Metal Manufacturing Company, Canton, Ohio 44705 (File 2-35583) - 25,000 shares  
The Gerber Scientific Instrument Company, South Windsor, Conn. 06074 (File 2-35584) - 40,800 shares  
American International Pictures, Inc., Beverly Hills, Calif. 90211 (File 2-35575) - 75,000 shares

OVER

**HOSPITAL SERVICES FILES FOR OFFERING AND SECONDARY.** Hospital Services of America, 845 North Lark Ellen Ave., West Covina, Calif., filed a registration statement (File 2-35579) with the SEC on December 4 seeking registration of 350,000 shares of common stock, of which 325,000 are to be offered for public sale by the company and 25,000 (being outstanding shares) by the present holders thereof. The offering is to be made through underwriters headed by Roberts, Scott & Co., First National Bank Bldg., San Diego, Calif. 92112; the offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment. The company and selling stockholders have agreed to pay the Roberts firm up to \$10,000 for expenses; the underwriters and the company have agreed to each pay half of a \$10,000 finder's fee to James P. Ellis and Lester Ryons & Co. The company has agreed to sell the Roberts firm five-year warrants to purchase 17,500 shares.

The company owns and operates three acute hospitals with a total capacity of 152 beds; it also leases and operates a 154-unit home for the residential care of the aging and a 40-bed extended care facility. Of the net proceeds of its sale of additional stock, \$380,000 will be used to retire debt incurred in connection with the acquisition of land for use in the company's contemplated expansion program, \$110,000 for advance rent in connection with the Lark Ellen Towers facility, consisting of a home for the aging and an extended care facility, and \$2,100,000 to finance in part the construction and furnishing of proposed facilities; the balance will be added to the company's working capital and used for general corporate purposes. In addition to indebtedness, the company has outstanding 537,018 common shares (with a \$2.39 per share book value), of which Samuel Mintz, M.D., president and board chairman, owns 27.7% and management officials as a group 44.2%.

**PENNZOIL UNITED TO SELL DEBENTURES.** Pennzoil United, Inc., 900 Southwest Tower, Houston, Texas 77002, filed a registration statement (File 2-35580) with the SEC on December 4 seeking registration of \$45,000,000 of debentures, due 1976, to be offered for public sale through underwriters headed by White, Weld & Co., 20 Broad St., and Lehman Brothers, One William St., both of New York, N.Y. The interest rate on the debentures, offering price and underwriting terms are to be supplied by amendment.

Pennzoil United (formed in April 1968 through a consolidation of Pennzoil Company and United Gas Corporation) is a natural resource company engaged in oil and gas exploration and production, refining and marketing of Pennzoil motor oil, lubricants and related products, natural gas transmission, and mining and processing of copper, silver, gold, molybdenum, potash and sulphur. Net proceeds of its debenture sale will be added to the company's general funds and applied to payment of a portion of outstanding short-term indebtedness, incurred primarily to provide funds for construction, expansion and other general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 17,956,118 common shares. J. Hugh Liedtke is board chairman and William C. Liedtke, Jr., president.

**MORTON-NORWICH SHARES IN REGISTRATION.** Morton-Norwich Products, Inc., 110 North Wacker Drive, Chicago, Illinois 60606, filed a registration statement (File 2-35581) with the SEC on December 4 seeking registration of 530,660 shares of common stock. These shares are issuable upon conversion of \$26,000,000 of 4-3/4% convertible guaranteed debentures, due 1983, issued by Norwich Overseas, Inc., a wholly-owned subsidiary of the company. Shares issuable upon conversion of \$6,500,000 of debentures are not subject to any contractual restrictions on the transfer thereof; shares issuable upon conversion of \$19,500,000 of the debentures may not be sold prior to December 15, 1971, except that the company may authorize the issuance of new debentures in exchange for up to \$6,500,000 of such debentures.

**SENTINEL DRILLING PROGRAM PROPOSES OFFERING.** Sentinel Drilling Program-1970 (the "Partnership"), 600 Madison Ave., New York, N.Y. 10022, filed a registration statement (File 2-35582) with the SEC on December 4 seeking registration of \$10,000,000 of limited partnership units, to be offered for public sale at \$5,000 per unit. Sentinel Resources Corporation, the general partner, will pay a 7% selling commission to Pressman, Frohlich & Frost, Inc., the soliciting agent and to NASD members participating in distribution of the units. The objective of the partnership is to drill wells primarily for oil and gas. Edward M. Bigler is board chairman and Eddie J. Hudson president of the general partner.

**TENNESSEE FORGING STEEL PROPOSES OFFERING.** Tennessee Forging Steel Corporation, U.S. Hwy. No. 27, Harriman, Tennessee 37748, filed a registration statement (File 2-35585) with the SEC on December 3 seeking registration of \$3,000,000 of 6% convertible subordinated debentures, due 1984, to be offered for public sale through underwriters headed by Wheat & Co., Inc., 801 East Main St., Richmond, Va. 23211. The offering price and underwriting terms are to be supplied by amendment.

Organized in March 1965, the company produces small size structural steel products, concrete reinforcing steel, and forging quality steel billets. Of the net proceeds of its debenture sale, \$300,000 will be used to retire long term bank indebtedness; the balance will be used for construction funds and working capital for a new steel mill to be built in northern Arkansas. Construction of the proposed Arkansas steel mill will be dependent upon the company's obtaining additional working capital and construction financing of approximately \$3,500,000 of which \$1,000,000 will be raised through issuance of industrial revenue bonds and \$2,500,000 through bank or other institutional loans. In addition to indebtedness and preferred stock, the company has outstanding 581,000 common shares, of which John M. Donalson, president and board chairman, owns (with his wife) 14.01%.

**ARAGON FUND PROPOSES OFFERING.** Aragon Fund, Inc., 170 Fourth Avenue North, Nashville, Tenn. 37201, filed a registration statement (File 2-35586) with the SEC on December 4 seeking registration of 250,000 shares of common stock. The shares are to be offered (at \$10 per share maximum\*) only to insurance companies, trust departments of banks or trust companies, to unit investment trusts and to trustees or other managers of certain profit sharing, incentive or bonus plans established by such insurance companies. The Fund's objective will be to increase its shareholders' capital and income return over the years through acquisition of common

stocks or securities convertible into common stock. Its investment adviser is Life Stock Research Corp., of Chicago and Nashville. J.C. Bradford & Co., Inc., an affiliate of the adviser, has acquired 10,000 Fund shares at \$10 per share. James C. Bradford, Jr., is president of the Fund.

**PETROFUNDS FILES FOR OFFERING.** Petrofunds, Inc., 2200 Esperson Building, Houston, Texas 77002, filed a registration statement (File 2-35587) with the SEC on December 4 seeking registration of 2,400 units in its 1970 Annual Drilling Fund, to be offered for public sale at \$5,000 per unit. The offering is to be made by officers and directors of the company; participating NASD members will be entitled to a 5% selling commission. The company will administer the Program; it will engage in a program of oil and gas exploration and development as agents for the participants in the Program. Petrofunds is a wholly-owned subsidiary of McRae Oil Corporation. James A. McRae is president and board chairman of both companies.

**WILLIAMS BROS. FILES FOR SECONDARY.** Williams Brothers Company, National Bank of Tulsa Bldg., Tulsa, Okla. 74103, filed a registration statement (File 2-35588) with the SEC on December 4 seeking registration of 327,508 outstanding shares of common stock and 73,238 outstanding shares of \$.80 convertible Series A preferred stock. The shares are to be offered for public sale by the holders thereof through underwriters headed by White, Weld & Co., 20 Broad Street, New York, New York, and Reynolds & Co. of 120 Broadway, New York, New York; the offering prices (\$30.50 per common and \$28.50 per preferred share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in owning and operating a petroleum products pipeline system and related activities, in purchasing, processing and distributing steel, various alloys and certain other metals, and the manufacture of wire. In addition to indebtedness, it has outstanding 1,436,853 shares of preferred and 6,314,175 shares of common stock. John H. Williams, president, proposes to sell 70,000 of 655,628 common shares held, Charles P. Williams, board chairman, 70,000 of 672,928, and David R. Williams, Jr., executive committee chairman, 70,000 of 749,968 shares; twelve others will sell the remaining common shares being registered. John Richardson of Brookfield, Mass. will sell all of his holdings of 72,788 preferred shares and Harry Lutz 450 shares.

**FABRIC WHOLESALERS FILES FOR OFFERING AND SECONDARY.** Fabric Wholesalers, Inc., 1166 N.E. 31st Avenue, Portland, Oregon 97232, filed a registration statement (File 2-35589) with the SEC on December 4 seeking registration of 144,000 shares of common stock, of which 90,000 are to be offered for public sale by the company and 54,000 (being outstanding shares) by the holders thereof. The offering is to be made through underwriters headed by Herron Northwest, Inc., 17 Floor, IBM Building, Seattle, Washington; the offering price (\$12 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company is engaged in the sale of fabrics, sewing notions and trimmings through a wholesale division and four retail stores. Of the net proceeds of its sale of additional stock, \$500,000 will be used for purchase of additional inventory of fabric and sewing notions and to equip additional retail stores, \$100,000 for promotional expenses, \$100,000 for expansion of the wholesale operations of the company and to carry additional credit sales, and the balance for working capital and other general corporate purposes. The company has outstanding 360,000 common shares, of which Tony J. Bosboom owns 20%, Joseph Horowitz, vice president, 40%, and Dirk J. Kooning, treasurer, 15%; they propose to sell 10,800, 21,600 and 8,100 shares, respectively. Three others (who own the remaining 25% of the outstanding stock) propose to sell the balance of the shares being registered.

**FARMLAND INDUSTRIES FILES OFFERING PROPOSAL.** Farmland Industries, Inc. 3315 Oak Trafficway, Kansas City, Mo. 64116, filed a registration statement (File 2-35590) with the SEC on December 4 seeking registration of \$18,000,000 of subordinated certificates of indebtedness (three series), 80,000 preferred and 40,000 common shares. The certificates of indebtedness and preferred shares are to be offered to members of local cooperatives and to the general public; the common stock is to be offered only to member local cooperatives and local cooperatives eligible for membership in the company. Net proceeds of the offering will be applied to facility expansion, investments in subsidiaries and affiliates, and redemption of securities.

**LEE-GUNN OIL PROPOSES OFFERING.** Lee-Gunn Oil Corporation, No. 3 Ridgewood Road, Hattiesburg, Miss., filed a registration statement (File 2-35591) with the SEC on December 4 seeking registration of \$500,000 of limited partnership interests in the Lee-Gunn Oil Investment Fund-1970 ("Fund"), to be offered for public sale at \$5,000 per interest. Selected broker-dealers will receive up to a 10% selling commission. The Fund will be organized as a partnership, consisting of Lee-Gunn Oil Corporation as sole general partner and Fund Manager and the purchasers of partnership interests as limited partners, for the purpose of contributing substantially all of the initial capital to a second limited partnership ("Lee-Gunn Drilling Partnership-1970"), which will actively engage in drilling for oil and gas. The Fund will be the only limited partner and Robert A. Lee and Wallace R. Gunn, the sole general partners of the Drilling Partnership. Wallace R. Gunn, president, Robert A. Lee, executive vice president, and Hugh M. West, secretary of Lee-Gunn Oil Corporation, are its sole stockholders.

**CENTRAL LOUISIANA ELECTRIC TO SELL BONDS.** Central Louisiana Electric Company, Inc., 415 Main Street, Pineville, La. 71360, filed a registration statement (File 2-35592) with the SEC on December 5 seeking registration of \$15,000,000 of first mortgage bonds, Series N, due 2000, to be offered for public sale at competitive bidding. A public utility, the company will use the net proceeds of its bond sale to repay some \$15,000,000 of short-term bank loans to be outstanding at the time of sale of the bonds which were incurred in connection with its 1969 construction program. Construction expenditures are estimated at \$33,135,000 for 1970.

**FORUM RESTAURANTS TO SELL STOCK.** Forum Restaurants, Inc., 1500 Bryant Bldg., Kansas City, Mo. 64106, filed a registration statement (File 2-35593) with the SEC on December 5 seeking registration of 250,000 shares of

common stock, to be offered for public sale through underwriters headed by George K. Baum & Company, 1016 Baltimore Ave., Kansas City, Mo. 64105. The offering price (\$10 per share maximum\*) and underwriting terms are to be supplied by amendment.

The company operates a chain of 11 "Forum" cafeterias, 13 "Waid's" coffee-shop restaurants and 17 "Berbiglia" retail liquor stores. Part of the net proceeds of its stock sale will be used to prepay existing long-term bank indebtedness (\$353,064 outstanding at September 30) and to remodel the Minneapolis Forum cafeteria (\$200,000); the balance will be used to construct, equip and provide working capital for additional Forum cafeterias and Waid's restaurants and may be applied to remodeling of existing food service facilities and the construction of additional Berbiglia liquor stores, and for general corporate purposes. In addition to indebtedness and preferred stock, the company has outstanding 638,478 common shares, of which Michael Berbiglia, vice president, owns 18.8% and management officials as a group 41.6%. C.M. Hayman, Jr., is president.

McCULLOCH AIRCRAFT TO SELL STOCK. McCulloch Aircraft Corporation, 119 Standard St., El Segundo, Calif. 90245, filed a registration statement (File 2-35594) with the SEC on December 5 seeking registration of 450,000 shares of common stock, to be offered for public sale through underwriters headed by W.C. Langley & Co., 115 Broadway, New York, New York 10006. The offering price (\$16 per share maximum\*) and underwriting terms are to be supplied by amendment. Also included in this statement are 29,775 outstanding shares to be offered by Drago K. Jovanovich, vice chairman, to two officers and 19 employees of the company (including 2 officers) at \$5 per share.

The company has developed and recently begun the manufacture and sale of the McCulloch J-2 Gyroplane (a two place autogyro having a free-wheeling helicopter-like rotor system, designed to provide relatively inexpensive point-to-point transportation for general aviation use). Of the net proceeds of its stock sale, \$1,900,000 will be used for an inventory of engines, rotor blades and assemblies and other component parts and materials for its new J-2 gyroplane, \$500,000 to build and \$300,000 to equip a new assembly plant at Lake Havasu City, Ariz., \$760,000 to finance plant relocation and initial start-up labor and administrative expense of gyroplane production and gyroplane sales and training programs, \$960,000 for engineering, tooling, parts, inventory and construction costs of the first five of the company's new MC-5T four to five place helicopters, \$450,000 for use in 1970 for research and development of a higher performance version of the J-2 gyroplane (\$250,000) and a small twin rotor cargo helicopter (\$200,000), and \$250,000 to retire a short-term bank loan used for pre-production operating expenses and initial inventory build-up of the past month or so; the balance will be added to the company's working capital. In addition to indebtedness, the company has outstanding 663,388 common shares (with a \$2.63 per share book value) of which McCulloch Corporation owns 50.2%, Drago K. Jovanovich, vice chairman, 21.4% and management officials as a group 27.7%. Robert P. McCulloch is board chairman and Lawrence C. Mattera president. Purchasers of the shares being registered will acquire a 40% stock interest in the company for their investment of \$7,200,000\*; the present stockholders will then own 60%, for which they paid \$2,582,079 and made contributions of aviation technical expertise, patented and other inventions, tooling and prototype aircraft or have expended sums on research and development.

SECURITIES ACT REGISTRATIONS. Effective December 9: Atlanta Gas Light Co., 2-35347; Balchem Corp., 2-33843 (90 days); Barnes Engineering Co., 2-35309; California Sierra, 2-32112 (90 days); Citizens Mortgage Investment Trust, 2-33884 (90 days); Computer Products, Inc., 2-35281 (90 days); Dayton-Hudson Corp., 2-35336; General Telephone Co. of California, 2-35400; Homestead Financial Corp., 2-34023 (Mar 2); Philip A. Hunt Chemical Corp., 2-35317 (Jan 18); Metropolitan Life Insurance Co., 2-33222; H. Miller and Sons, Inc., 2-34504 (Mar 9); National Housing Industries, Inc., 2-34035 (90 days); Scott Paper Company, 2-35385; Technology Systems Incorporated, 2-34550 (90 days); Wig-Dore, Inc., 2-31154 (90 days).

Withdrawn December 8: National Nursing Home Development Corp., 2-33610.

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.

---oooOooo---